



STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements

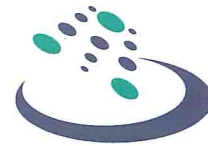
for the year ended 30 June 2013

Steve Tshwete Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Index

Index	Page
Municipal Manager Certification	1
General Information	2-4
Statement of Financial Position	5-6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash flow statement	9
Statement of Comparison of Budget and Actual Amounts - Financial Performance	10-11
Statement of Comparison of Budget and Actual Amounts- Financial Position	12-13
Statement of Comparison of Budget and Actual Amounts- Cash Flow Statement	14
Appropriation Statement	15
Accounting Policies	16-32
Notes to the Annual Financial Statements	33-63
Unaudited Supporting Appendices	64-99



AUDITOR - GENERAL
SOUTH AFRICA

The municipal manager
Steve Tshwete local municipality
P.O. Box 14
Middelburg
1050

6 December 2013

Reference: 02034REG12/13

Dear Sir

Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Steve Tshwete local municipality for the year ended 30 June 2013

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 188 of the Constitution of the Republic of South Africa section 121(3) of the Municipal Finance Management Act of South Africa (MFMA).
2. In terms of section 121(3) of the MFMA you are required to include the audit report in the municipality's annual report to be tabled.
3. Until the annual report is tabled as required by section 127(2) of the MFMA the audit report is not a public document and should therefore be treated as confidential.
4. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.
5. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.

6. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Daniel Radebe', written over a dotted line.

Senior Manager: Mpumalanga

Enquiries: Daniel Radebe
Telephone: (013) 756 0800
Fax: (013) 756 0879

**REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA PROVINCIAL
LEGISLATURE AND THE COUNCIL ON THE STEVE TSHWETE LOCAL MUNICIPALITY
REPORT ON THE FINANCIAL STATEMENTS**

Introduction

1. I have audited the financial statements of the Steve Tshwete Local Municipality set out on pages ... to ..., which comprise the financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Steve Tshwete Local Municipality as at 30 June 2013 and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability.
10. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development priorities. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury's *Framework for managing programme performance information*.
11. The reliability of the information in respect of the selected development priorities is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
12. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matter

13. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the matter below.

Achievement of planned targets

14. Of the total number of 109 targets planned for the year, 36 were not achieved. This means that 33% of the total planned targets were not achieved during the year under review. This was mainly because indicators and targets were not suitably developed during the strategic planning process and because the municipality did not consider relevant systems and evidential requirements during the annual strategic planning process.

Compliance with laws and regulations

15. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA.

Internal control

16. I considered internal control relevant to my audit of the financial statements, performance report and compliance with laws and regulations.
17. I did not identify any deficiencies in internal control that I considered sufficiently significant for inclusion in this report.



Nelspruit

2 December 2013



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Steve Tshwete Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Municipal Manager's approval of annual financial statements

I, W.D. Fouché, accounting officer of the Steve Tshwete Local Municipality, am responsible for the preparation of the annual financial statements, which are set out on pages 1 to 118 in terms of section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

The reports and statements set out above comprise the annual financial statements to the National Treasury in accordance with the Standards of Generally Recognized Accounting Practices (GRAP) as prescribed by the Minister of Finance in terms of General Notice 516 of 2008 and the accounting framework as set out in the Accounting Standards Board (ASB) directives read together with directive 3 transitional provisions for high capacity municipalities.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 29 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, Act No. 20 of 1998.



MUNICIPAL MANAGER**28 August, 2013**

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

General Information

Members of the Mayoral committee & their portfolios Councillor

Executive Mayor	M.A. Masina
MMC Environmental Health and Public Facility Services	D J Motsepe
MMC Spatial Development and Human Settlement	S D Nkadameng
MMC Infrastructure Development & Service Delivery	N J Mahlangu
MMC Community Protection Services	E P Nkosi
MMC Financial Services	E F Mathebula
MMC Corporate Services	H Philodia

Speaker R M Xaba

Chief Whip B P Ndala

Ward Councillors

Ward 1	D J Skhosana
Ward 2	B Nene
Ward 3	E F Mathebula
Ward 4	ME Nyambi
Ward 5	O Malinga
Ward 6	LE Mkhuma
Ward 7	J Matshiane
Ward 8	B C Skhosana
Ward 9	J Skhosana
Ward 10	D M Longman
Ward 11	A Struwig
Ward 12	H F Nieman
Ward 13	S Wait
Ward 14	J P Pretorius
Ward 15	E A Swarts
Ward 16	J Dyason
Ward 17	M J Sekgwele
Ward 18	P I Twala
Ward 19	E P Nkosi
Ward 20	S A Lukhele
Ward 21	N J Mahlangu
Ward 22	M S Motebu
Ward 23	M J Selala
Ward 24	P P Tau
Ward 25	M Mbatiwe
Ward 26	P M Hadebe
Ward 27	L I Manzini
Ward 28	N J Nkambule
Ward 29	E O Motsepe

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

General Information

Councillors, Proportional

M.A. Masina
S D Nkadimeng
R M Xaba
P J Masilela
M T Mnguni
[M R Mnguni](#)
K N Monareng
M T Selala
S S Zitha
[J S Motsoeneng](#)
P J Uys
T G Ndlangamandla
[N J Mlambo](#)

D J Motsepe
H Philodia
T B Mahlangu
S M Mnguni
P M Shongwe
B D Ndala
[D M Longman](#)
Z D Mtshweni
G H E Romjin
B H Mokoena
A S Grobler
S M Mogola
E Du toit
S J Roos

Grading of local authority

Grade 4
High Capacity

Auditors

Auditor General
Nelspruit

Bankers

ABSA bank
Nelspruit

Legal Advisors

Johan Alberts
Ntuli Noble
Van Deventer & Campher

Registered office

Civic Centre
Wanderers Avenue
Middelburg
1050

Postal address

P.O Box 14
Middelburg
1050

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2012

General Information

Municipal Manager

Telephone

E-Mail Address

W.D Fouche

(013) 249 7264

wfouche@stevetshwetelm.gov.za

Deputy Municipal Manager

Telephone

E-mail Address

S. N Mnguni

(013) 249 7740

mandla.mnguni@stevetshwetelm.gov.za

Executive Director Financial Services

Telephone

E-Mail Address

E. Wassermann

(013) 249 7106

ewassermann@stevetshwetelm.gov.za

Executive Director Corporate Services

Telephone

E-Mail Address

T. Mekuto

(013) 249 7242

tmekuto@stevetshwetelm.gov.za

Executive Director Community Services

Telephone

E-Mail Address

M.C Hlatshwayo

(013) 249 7202

caroline.hlatshwayo@stevetshwetelm.gov.za

Executive Director Infrastructure Services

Telephone

E-Mail Address

E. Warambwa

(013) 249 7208

ewarambwa@stevetshwetelm.gov.za

Enquiries

Electricity

Water & Sewerage

Consumers

(013) 249 7223/7231

(013) 249 7168

(013) 249 7156

Paypoints

Chromeville

Hendrina

Komati

Kwazamokuhle

Mhluzi

Mhluzi Ext 5

Nasaret

Pullenshope

Rietkuil

Van Calder

(013) 241 2928

(013) 293 0000

(013) 295 3102

(013) 294 1212

(013) 242 1030

(013) 241 7222

(013) 246 1177

(013) 296 1630

(013) 297 1075

(013) 243 2400

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Financial Position as at 30 June 2013

	Note(s)	2013 R	2012 - restated R
Assets			
Current Assets			
Investments	2	348 000 000	324 000 000
Deferred Leases	3	3 526 200	3 111 634
Inventory	4	64 556 229	104 568 892
Consumer debtors	5	46 827 118	43 007 501
Receivables from exchange transactions	6	14 682 635	25 617 378
Long-term loans	8	297 245	3 424 228
Cash and cash equivalents	9	57 395 683	58 439 515
Receivables from non-exchange transactions	7	11 462 100	9 949 325
VAT receivable	16	2 079 427	7 335 474
		548 826 637	579 453 947
Non-Current Assets			
Property, plant and equipment	10	5 897 787 600	5 832 005 784
Intangible assets	11	1 997 863	1 771 300
Long-term loans	8	120 097	333 240
		5 899 905 560	5 834 110 324
Non-Current Assets		5 899 905 560	5 834 110 324
Current Assets		548 826 637	579 453 947
Total Assets		6 448 732 197	6 413 564 271
Liabilities			
Current Liabilities			
Consumer deposits	12	58 557 471	39 427 946
Provisions	13	6 196 382	5 642 807
Trade payables from exchange transactions	14	124 377 256	115 761 360
Unspent conditional grants and receipts	17	6 901 446	14 214 704
Current portion of long term liabilities	18	11 693 419	13 243 613
Finance lease obligation	19	163 428	365 994
Trade payable from non-exchange transactions	15	2 792 548	4 677 108
Current portion of post employment benefits	20	3 265 585	2 283 107
		213 947 535	195 616 639
Non-Current Liabilities			
Long term liabilities	18	101 797 958	113 491 230
Finance lease obligation	19	64 411	188 593
Post employment benefits	20	80 098 200	85 018 764
Provisions	13	309 287	953 567
		182 269 856	199 652 154
Non-Current Liabilities		182 269 856	199 652 154
Current Liabilities		213 947 535	195 616 639
Total Liabilities		396 217 391	395 268 793
Assets		6 448 732 197	6 413 564 271
Liabilities		(396 217 391)	(395 268 793)
Net Assets		6 052 514 806	6 018 295 478

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Financial Position as at 30 June 2013

	Note(s)	2013 R	2012 R
Net Assets			
Reserves			
Housing development fund	21	7 061 612	7 049 112
Accumulated surplus		6 045 453 194	6 011 246 366
Total Net Assets		6 052 514 806	6 018 295 478

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Financial Performance

	Note(s)	2013 R	2012 R
Revenue			
Service charges	23	555 194 862	485 777 778
Rental of facilities and equipment		14 355 983	13 890 535
Interest received (receivables)	24	1 803 908	2 132 860
Income from agency services		11 309 434	9 972 801
Licences and permits		7 274 597	6 554 138
Other income	27	67 224 176	77 820 065
Public contributions and donations	26	27 295 431	37 935 825
Government grants (Capital)	25	50 559 717	42 166 137
Interest received - investment		20 894 052	21 606 765
Gains on disposal of assets		57 740	37 308
Property rates	22	230 303 644	198 443 748
Government grants (operating)	25	91 380 081	81 607 087
Fines		5 437 808	5 482 571
Total revenue		1 083 091 433	983 427 618
Expenditure			
Employee related costs	28	(289 071 174)	(252 327 632)
Remuneration of councillors	29	(15 502 253)	(14 613 183)
Depreciation and amortisation	30	(151 663 078)	(159 590 653)
Impairment loss/ Reversal of impairments		(29 401 725)	-
Finance costs	31	(12 170 010)	(14 585 490)
Debt impairment	32	(6 209 251)	(4 797 175)
Collection costs		(229 298)	(238 755)
Repairs and maintenance		(51 431 252)	(47 191 280)
Bulk purchases	33	(288 735 083)	(250 573 805)
Contracted services	35	(22 696 084)	(17 106 393)
Grants and subsidies paid	34	(49 878 154)	(44 028 549)
Contributions to/(from) Provisions		(857 828)	(6 877 031)
Loss on disposal of assets		(9 734 723)	(13 373)
General Expenses	36	(121 346 562)	(101 660 701)
Total expenditure		(1 048 926 475)	(913 604 020)
Total revenue		1 083 091 432	983 427 619
Total expenditure		(1 048 926 475)	(913 604 020)
Operating surplus		34 164 957	69 823 599
Surplus before taxation		34 164 957	69 823 599
Taxation		-	-
Surplus for the year		34 164 957	69 823 599
Surplus (deficit) for the year		34 164 957	69 823 599

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Changes in Net Assets

	Housing development fund R	Accumulated surplus R	Total net assets R
Opening balance as previously reported	7 050 989	6 263 831 345	6 270 882 334
Adjustments			
Prior year adjustments	-	(49 240 576)	(49 240 576)
Balance at 01 July 2011 as restated	7 050 989	6 214 590 769	6 221 641 758
Changes in net assets			
Surplus for the year	-	69 823 599	69 823 599
Contribution	13 473	60 165	73 638
Total changes	13 473	69 883 764	69 897 237
Opening balance as previously reported	7 049 112	6 284 474 538	6 291 523 650
Adjustments			
Prior year adjustments (Note 37)	-	(273 228 172)	(273 228 172)
Balance at 01 July 2012 as restated	7 049 112	6 011 246 366	6 018 295 478
Changes in net assets			
Surplus for the year	-	34 164 957	34 164 957
Other income/expenditure CRR	-	54 371	54 371
Contributions	12 500	(12 500)	-
Total changes	12 500	34 206 828	34 219 328
Balance at 30 June 2013	7 061 612	6 045 453 194	6 052 514 806

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Cash Flow Statement

	Note(s)	2013 R	2012 R
Cash flows from operating activities			
Receipts			
Property rates		230 303 644	198 443 748
Sale of goods and services		555 194 862	485 777 778
Grants & Donations		137 031 086	161 709 049
Interest income		22 697 960	23 739 625
Other receipts		138 743 789	113 244 374
		1 083 971 341	982 914 574
Payments			
Employee costs		(304 636 106)	(266 940 815)
Bulk purchases		(288 735 083)	(250 573 805)
Finance costs		(12 170 010)	(14 585 490)
Other payments		(132 754 114)	(112 973 236)
Grants & Subsidies paid		(49 878 154)	(44 028 549)
Repairs & maintenance		(51 431 252)	(47 191 286)
		(839 604 719)	(736 293 181)
Total receipts		1 083 971 341	982 914 574
Total payments		(839 604 719)	(736 293 181)
Net cash flows from operating activities	39	244 366 622	246 621 393
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(227 186 572)	(232 437 363)
Proceeds/(loss) from sale of property, plant and equipment	10	9 893 496	-
Purchase of other intangible assets	11	(1 045 078)	(434 737)
Proceeds from sale of financial assets		(3 340 126)	526 127
Purchase of investments		(24 000 000)	(2 227 375)
Net cash flows from investing activities		(245 678 280)	(234 573 348)
Cash flows from financing activities			
Increase / (Decrease) of long term liabilities		(13 570 214)	(19 295 846)
Increase / (Decrease) of post employment benefits and Provisions		(5 291 485)	-
Increase/(Decrease) in deposits		19 129 525	6 316 632
Net cash flows from financing activities		267 826	(12 979 214)
Net increase/(decrease) in cash and cash equivalents		(1 043 832)	(931 169)
Cash and cash equivalents at the beginning of the year		58 439 515	59 370 684
Cash and cash equivalents at the end of the year	9	57 395 683	58 439 515

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual R	Reference
	R	R	R	R	R	

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	540 884 925	10 306 622	551 191 547	555 194 862	4 003 315	
Rental of facilities and equipment	13 447 674	265 224	13 712 898	14 355 983	643 085	
Interest received (trading)	1 844 065	(10 125)	1 833 940	1 803 908	(30 032)	
Income from agency services	9 381 040	862 160	10 243 200	11 309 434	1 066 234	
Licences and permits	6 268 300	364 000	6 632 300	7 274 597	642 297	
Other income - (rollup)	42 701 801	(2 794 420)	39 907 381	67 224 176	27 316 795	
Public contributions and donations	23 420 000	1 513 889	24 933 889	27 295 431	2 361 542	
Government grants (Capital)	49 196 000	5 863 459	55 059 459	50 559 717	(4 499 742)	
Interest received - investment	26 300 000	(4 600 000)	21 700 000	20 894 052	(805 948)	
Total revenue from exchange transactions	713 443 805	11 770 809	725 214 614	755 912 160	30 697 546	

Revenue from non-exchange transactions

Taxation revenue

Property rates	227 419 223	2 921 416	230 340 639	230 303 644	(36 995)	
Government grants & subsidies	93 020 080	890 182	93 910 262	91 380 079	(2 530 183)	

Transfer revenue

Fines	5 355 000	(105 000)	5 250 000	5 437 808	187 808	
Total revenue from non-exchange transactions	325 794 303	3 706 598	329 500 901	327 121 531	(2 379 370)	

'Total revenue from exchange transactions'	713 443 805	11 770 809	725 214 614	755 912 160	30 697 546	
'Total revenue from non-exchange transactions'	325 794 303	3 706 598	329 500 901	327 121 531	(2 379 370)	
Total revenue	1 039 238 108	15 477 407	1 054 715 515	1 083 033 691	28 318 176	

Expenditure

Personnel	(292 699 149)	1 431 658	(291 267 491)	(289 071 177)	2 196 314	
Remuneration of councillors	(15 819 272)	410 973	(15 408 299)	(15 502 252)	(93 953)	
Depreciation and amortisation	(177 646 047)	-	(177 646 047)	(151 663 078)	25 982 969	
Impairment loss/ Reversal of impairments	-	-	-	(29 401 725)	(29 401 725)	
Finance costs	(26 960 470)	4 695 770	(22 264 700)	(12 170 010)	10 094 690	
Debt impairment	(5 195 070)	-	(5 195 070)	(6 209 251)	(1 014 181)	
Collection costs	(557 500)	330 280	(227 220)	(229 298)	(2 078)	
Repairs and maintenance	(48 551 415)	(7 509 656)	(56 061 071)	(51 431 252)	4 629 819	
Bulk purchases	(289 983 276)	(6 175 084)	(296 158 360)	(288 735 083)	7 423 277	
Contracted Services	(23 872 210)	(733 913)	(24 606 123)	(22 696 084)	1 910 039	
Grants and subsidies paid	(50 870 485)	(88 597)	(50 959 082)	(49 878 154)	1 080 928	
Contribution to Provisions	(1 643 050)	-	(1 643 050)	(857 828)	785 222	
General Expenses	(104 742 422)	(7 602 135)	(112 344 557)	(121 346 559)	(9 002 002)	
Total expenditure	(1 038 540 366)	(15 240 704)	(1 053 781 070)	(1 039 191 751)	14 589 319	

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual R	Reference
	R	R	R	R	R	
	-	-	-	-	-	
	-	-	-	-	-	
Operating surplus	697 742	236 703	934 445	43 841 940	42 907 486	
Loss on disposal of assets and liabilities	480 000	-	480 000	(9 676 983)	(10 156 983)	Ref. to App. E.
Surplus before taxation	1 177 742	236 703	1 414 445	34 164 957	32 750 512	
Taxation	-	-	-	-	-	
Surplus for the year from continuing operations	1 177 742	236 703	1 414 445	34 164 957	32 750 512	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	1 177 742	236 703	1 414 445	34 164 957	32 750 512	

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual R	Reference
	R	R	R	R	R	

Statement of Financial Position

Assets

Current Assets

Inventory	42 847 559	-	42 847 559	64 556 229	21 708 670	
Long-term loans	-	-	-	297 245	297 245	
Operating lease asset	-	-	-	3 526 200	3 526 200	
Other debtors	18 581 637	-	18 581 637	14 682 634	(3 899 003)	
Receivables from non-exchange transactions	-	-	-	11 462 100	11 462 100	
VAT receivable	-	-	-	7 260 551	7 260 551	
Consumer debtors	35 134 376	-	35 134 376	46 827 118	11 692 742	
Investments	271 772 613	(150 000 000)	121 772 613	348 000 000	226 227 387	
Cash and cash equivalents	51 577 555	(2 181 900)	49 395 655	57 395 683	8 000 028	
	419 913 740	(152 181 900)	267 731 840	554 007 760	286 275 920	

Non-Current Assets

Property, plant and equipment	6 364 388 525	97 111 643	6 461 500 168	5 897 787 601	(563 712 567)	
Intangible assets	1 874 008	283 480	2 157 488	1 997 863	(159 625)	
Long-term loans	-	-	-	120 097	120 097	
Retirement benefit asset	-	-	-	2 128 886	2 128 886	
	6 366 262 533	97 395 123	6 463 657 656	5 902 034 447	(561 623 209)	

Non-Current Assets	419 913 740	(152 181 900)	267 731 840	554 007 760	286 275 920	
Current Assets	6 366 262 533	97 395 123	6 463 657 656	5 902 034 447	(561 623 209)	
Non-current assets held for sale (and) (assets of disposal groups)	-	-	-	-	-	
Total Assets	6 786 176 273	(54 786 777)	6 731 389 496	6 456 042 207	(275 347 289)	

Liabilities

Current Liabilities

Current portion of long term liabilities	17 305 138	5 875 000	23 180 138	11 693 419	(11 486 719)	
Finance lease obligation	-	-	-	163 428	163 428	
Creditors	66 872 029	(4 378 503)	62 493 526	124 377 256	61 883 730	
Taxes and transfers payable (non-exchange)	-	-	-	388 000	388 000	
Consumer deposits	40 285 104	-	40 285 104	58 557 471	18 272 367	
Post employment benefits	-	-	-	3 265 585	3 265 585	
Unspent conditional grants and receipts	-	-	-	9 305 994	9 305 994	
Provisions	4 077 564	-	4 077 564	6 196 382	2 118 818	
VAT payable	-	-	-	5 181 124	5 181 124	
	128 539 835	1 496 497	130 036 332	219 128 659	89 092 327	

Non-Current Liabilities

Current portion of long term liabilities	307 045 410	-	307 045 410	101 797 958	(205 247 452)	
Finance lease obligation	-	-	-	64 411	64 411	
Post employment benefits	67 714 574	-	67 714 574	82 227 086	14 512 512	

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual R	Reference
	R	R	R	R	R	
Provisions	-	-	-	309 287	309 287	
	374 759 984	-	374 759 984	184 398 742	(190 361 242)	
	128 539 835	1 496 497	130 036 332	219 128 659	89 092 327	
	374 759 984	-	374 759 984	184 398 742	(190 361 242)	
	-	-	-	-	-	
Total Liabilities	503 299 819	1 496 497	504 796 316	403 527 401	(101 268 915)	
Assets	6 786 176 273	(54 786 777)	6 731 389 496	6 456 042 207	(275 347 289)	
Liabilities	(503 299 819)	(1 496 497)	(504 796 316)	(403 527 401)	101 268 915	
Net Assets	6 282 876 454	(56 283 274)	6 226 593 180	6 052 514 806	(174 078 374)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Other NDR	-	-	-	7 061 612	7 061 612	
Capital replacement reserve	89 684 057	833 754	90 517 811	-	(90 517 811)	
Insurance reserve	-	-	-	3 714 895	3 714 895	
Accumulated surplus	6 193 192 397	(57 117 028)	6 136 075 369	6 041 738 299	(94 337 070)	
Total Net Assets	6 282 876 454	(56 283 274)	6 226 593 180	6 052 514 806	(174 078 374)	

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual R	Reference
	R	R	R	R	R	

Cash Flow Statement

Cash flows from operating activities

Receipts

Sale of goods and services	845 937 963	11 340 002	857 277 965	924 242 295	66 964 330	
Grants	142 216 080	6 753 641	148 969 721	137 031 086	(11 938 635)	
Interest income	28 144 065	(4 610 125)	23 533 940	22 697 960	(835 980)	
	1 016 298 108	13 483 518	1 029 781 626	1 083 971 341	54 189 715	

Payments

Suppliers and Employee costs	(777 868 294)	(149 020 713)	(926 889 007)	(777 556 555)	149 332 452	
Finance costs	(26 960 470)	4 695 770	(22 264 700)	(12 170 010)	10 094 690	
Other payments	(50 870 485)	(88 597)	(50 959 082)	(49 878 154)	1 080 928	
	(855 699 249)	(144 413 540)	(1 000 112 789)	(839 604 719)	160 508 070	

Total receipts	1 016 298 108	13 483 518	1 029 781 626	1 083 971 341	54 189 715	
Total payments	(855 699 249)	(144 413 540)	(1 000 112 789)	(839 604 719)	160 508 070	
Net cash flows from operating activities	160 598 859	(130 930 022)	29 668 837	244 366 622	214 697 785	

Cash flows from investing activities

Purchase of property, plant and equipment	(195 689 000)	(97 395 123)	(293 084 123)	(228 231 650)	64 852 473	
Proceeds from sale of property, plant and equipment	480 000	-	480 000	9 893 496	9 413 496	
Movement in investments (incl. Controlled entities, JVs & Assoc)	(30 000 000)	180 000 000	150 000 000	(24 000 000)	(174 000 000)	
Movement on long-term receivables	-	-	-	(3 340 126)	(3 340 126)	
Net cash flows from investing activities	(225 209 000)	82 604 877	(142 604 123)	(245 678 280)	(103 074 157)	

Cash flows from financing activities

Repayment of current portion of long term liabilities	(17 305 138)	(5 874 759)	(23 179 898)	-	23 179 898	
Movement in long term liabilities	80 000 000	43 889 692	123 889 692	(13 570 214)	(137 459 906)	
Movement of Post employment benefits	-	-	-	(5 291 485)	(5 291 485)	
Consumer deposits increase / (decrease)	2 918 878	2 781 122	5 700 000	19 129 525	13 429 525	
Net cash flows from financing activities	65 613 740	38 014 933	106 409 794	267 826	(182 680 008)	
Net increase/(decrease) in cash and cash equivalents	1 003 599	(10 310 212)	(6 525 492)	(1 043 832)	(71 056 380)	
Cash and cash equivalents at the beginning of the year	50 573 956	4 997 189	55 571 145	58 439 515	2 868 370	
Cash and cash equivalents at the end of the year	51 577 555	(5 313 023)	49 045 653	57 395 683	(68 188 010)	

STEVE TSHWETE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2013

Appropriation Statement

	Original Budget 2013	Budget Adjustments 2013	Final Budget 2013	Actual Outcome 2013	Variance 2013	Unauthorized Expenditure	Actual Outcome as % of Final Budget 2013	Actual Outcome as % of Original Budget 2013
	R	R	R	R	R		%	%
REVENUE								
Property Rates	227 419 223	2 921 416	230 340 639	230 303 644	(36 995)		99.98%	101.27%
Service charges: Electricity	381 370 007	7 478 979	388 848 986	393 197 587	4 348 601		101.12%	103.10%
Refuse Removal	50 445 282	851 294	51 296 576	51 526 257	229 681		100.45%	102.14%
Sewerage	51 279 780	1 600 075	52 879 855	53 853 246	973 391		101.84%	105.02%
Water	57 789 856	376 274	58 166 130	56 617 772	(1 548 358)		97.34%	97.97%
Rental of facilities and equipment	13 447 674	265 224	13 712 898	14 355 983	643 085		104.69%	106.75%
Interest earned - external investments	26 300 000	(4 600 000)	21 700 000	20 894 052	(805 948)		96.29%	79.45%
Interest earned - outstanding debtors	1 844 065	(10 125)	1 833 940	1 803 908	(30 032)		98.36%	97.82%
Fines	5 355 000	(105 000)	5 250 000	5 437 808	187 808		103.58%	101.55%
Licences and permits	6 268 300	364 000	6 632 300	7 274 597	642 297		109.68%	116.05%
Revenue for agency services	9 381 040	862 160	10 243 200	11 309 434	1 066 234		110.41%	120.56%
Government grants and subsidies - Operating	93 020 080	890 182	93 910 262	91 380 079	(2 530 183)		97.31%	98.24%
Other revenue	42 701 801	(2 794 420)	39 907 381	67 224 177	27 316 796		168.45%	157.43%
Gain on disposal of property, plant and equipment	480 000	-	480 000	57 740	(422 260)		12.03%	12.03%
Total Revenue	967 102 108	8 100 059	975 202 167	1 005 236 284	30 034 117		103.08%	103.94%
EXPENDITURE								
Employee related costs	292 699 149	(1 431 658)	291 267 491	289 071 177	(2 196 314)		99.25%	98.76%
Remuneration of Councillors	15 819 272	(410 973)	15 408 299	15 502 253	93 954		100.61%	98.00%
Bad debts	5 195 070	-	5 195 070	6 209 251	1 014 181		119.52%	119.52%
Collection costs	557 500	(330 280)	227 220	229 298	2 078		100.91%	41.13%
Depreciation	177 646 047	-	177 646 047	152 322 237	(25 323 810)		85.74%	85.74%
Repairs and maintenance	48 551 415	7 509 656	56 061 071	51 431 252	(4 629 819)		91.74%	105.93%
Interest on external borrowings	26 960 470	(4 695 770)	22 264 700	12 170 011	(10 094 689)		54.66%	45.14%
Bulk purchases: Electricity	280 991 276	6 699 084	287 690 360	279 936 422	(7 753 938)		97.30%	99.62%
Water	8 992 000	(524 000)	8 468 000	8 798 662	330 662		103.90%	97.85%
Contracted services	23 872 210	733 913	24 606 123	22 696 084	(1 910 039)		92.24%	95.07%
Grants and subsidies paid	50 870 485	88 597	50 959 082	49 878 154	(1 080 928)		97.88%	98.05%
General expenses	104 742 422	7 602 135	112 344 557	150 089 131	37 744 574		133.60%	143.29%
Loss on disposal of property, plant and equipment	-	-	-	9 734 724	9 734 724			
Contributions to/(transfers from) provisions	1 643 050	-	1 643 050	857 828	(785 222)		52.21%	52.21%
Total Expenditure	1 038 540 366	15 240 704	1 053 781 070	1 048 926 484	(4 854 586)		99.54%	101.00%
SURPLUS/(DEFICIT) FOR THE YEAR	(71 438 258)	(7 140 645)	(78 578 903)	(43 690 200)	34 888 703		55.60%	61.16%
Transfers Recognised - Capital	49 196 000	5 863 459	55 059 459	50 559 717	(4 499 742)			
Contributions Recognised - Capital & Contributed assets	23 420 000	1 513 889	24 933 889	27 295 431	2 361 542			
Surplus/(Deficit) after capital transfers & contributions	1 177 742	236 703	1 414 445	34 164 948	32 750 503			
Share of surplus/(deficit) of associate								
NET SURPLUS/(DEFICIT) FOR THE YEAR	1 177 742	236 703	1 414 445	34 164 948	32 750 503			

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Trade receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 20.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Provision for bad debts is made on an annual basis. The amount to be provided will be determined by analysing the payment level trends and expensing an amount for non payment as contribution to the bad debt provision through the Statement of Financial Performance. The provision is made on an individual basis or group, based on expected cashflow. Significant financial difficulties of the debtor and default or delinquency in payments or all debt outstanding for more than 120 days after the credit control processes were followed are considered indicators that the accounts receivable are impaired. When an under recovery occurs during the financial year an additional contribution for impairment is made at year-end.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.2 Investment property (continued)

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.3 Property, plant and equipment (continued)

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Water	
• Dam structures	100-200
• Reservoirs and Reticulation	10-80
• Meters	5-10
Sewerage	
• Civil structure	50-80
• Purification and Reticulation	10-100
• Toilets	5-10
Roads	
• Bridges	60-100
• Roads and storm water	5-100
• Pavements, sidewalks and kerbs	15-50
• Gravel Roads	3-20
• Street names, signs and parking	5-30
Electrical	
• Reticulation	10-50
• Meters	10-20
• Street lighting	45
Refuse	
• Landfill sites	50
• Civil structures	50-80
Community Assets	
• Parks and gardens	10-50
• Sport fields	15-60
• Community halls	30-100
• Libraries	30-100
• Recreational facilities	30-100
• Clinics	30-100
• Fire Services	30-100
• Cemeteries	30-80
Other	
• Motor vehicles	4-7
• Plant and equipments	2-15
• Security measures	3-30
• Buildings	30-100
• IT equipments	3-7
• Office equipment	3-15
• Special vehicles	15-20

The residual value, the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.3 Property, plant and equipment (continued)

The gain or loss from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Such difference is recognised in surplus or deficit when the item of property, plant and equipment is derecognised.

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.4 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.5 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.5 Intangible assets (continued)

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

A financial asset is:

- cash;
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.6 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability in the case of a financial asset.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the .

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

Any contingent rents are recognised separately as an expense in the period in which they are incurred.

1.8 Inventory

Inventory are initially measured at cost except where inventory are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventory are measured at the lower of cost and net realisable value.

Inventory are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.8 Inventory (continued)

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventory comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to their present location and condition.

The cost of inventory of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventory is assigned using the weighted average cost formula. The same cost formula is used for all inventory having a similar nature and use to the municipality.

When inventory are sold, the carrying amounts of those inventory are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventory to net realisable value or current replacement cost and all losses of inventory are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventory, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventory recognised as an expense in the period in which the reversal occurs.

1.9 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.10 Employee benefits (continued)

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and long service awards upon retirement to some retirees.

The entitlement to post-retirement health care benefits and long service awards is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.11 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 41.

1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.12 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.13 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Rates, including collection charges and penalties

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with the relevant legal requirements.

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.

1.14 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.15 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.17 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.19 Irregular expenditure (continued)

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Use of estimates

The preparation of financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.21 Presentation of currency

These financial statements are presented in South African Rand.

1.22 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of

1.23 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.24 Housing subsidies

The municipality provides post-retirement housing subsidies for qualifying staff members. The payment of these subsidies is reflected as expenditure in the statement of financial performance.

1.25 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation of the amount or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.

1.26 Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. Contingent assets are not recognised as property, plant and equipment.

1.27 Budget information

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2012/07/01 to 2013/06/30.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.28 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.29 Commitments

Additional text

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments;
- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.

1.30 New standards and interpretations

Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP21 - Impairment of Non-cash-generating assets

GRAP23 - Revenue from Non-exchange transactions (Taxes and Transfers)

GRAP 24 - Presentation of budget information in the financial statements

GRAP 26 - Impairment of cash-generating-assets

GRAP 103 - Heritage Assets

GRAP 104 - Financial Instruments

Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 1 July 2013 or later.

GRAP 105, 106, 107, 20 and 18

Standards and interpretations not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 1 July 2013.

Revised GRAP1, 3, 9, 12, 13, 16, 17

IGRAP 1 and

GRAP 25

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
2. Investments		
Short term fixed deposits		
ABSA bank	72 000 000	36 000 000
First National Bank	72 000 000	36 000 000
Investec Bank	72 000 000	72 000 000
Nedbank	72 000 000	108 000 000
Standard Bank	60 000 000	72 000 000
	348 000 000	324 000 000

	3,90 %	4,50 %
Held to maturity	348 000 000	324 000 000

3. Deferred leases

Opening Balance	3 111 635	2 134 754
	-	-
Movement for the year	414 566	976 880
	3 526 201	3 111 634

Minimum lease income due

- within one year	11 468 463	11 705 178
- second to fifth year	30 230 918	41 976 274
- after 5 years	26 667	63 917
	41 726 048	53 745 369

Operating leases escalate only with CPI or 5% to 15%.

Included in the operating lease revenue are the following significant contracts:

1. Shanduka Coal -Lease of farms in Middelburg.

The contract expires on 28 February 2017.

Actual income levied 2012/2013	R 10 784 440
Expected levy income 2013/2014	R 11 323 662
Annual straight lining	R 11 188 259

Escalation CPI

2. Pole Add SA (Pty) - Manufacture, erect, maintain street identification signs incorporating with advertisement.

The contract expires on 30 September 2016.

Actual income levied 2012/2013	R 91 525
Expected levy income 2013/2014	R 96 101
Annual straight lining	R 86 938

Escalation 5%

3. MTN (Pty) Ltd - Rental of Stand 908 Hendrina for base transceiver sites.

The contract expires on 31 October 2015..

Actual income levied 2012/2013	R 28 948
Expected levy income 2013/2014	R 31 843
Annual straight lining	R 24 513

Escalation 10%

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
4. Inventory		
Land	50 692 425	90 989 817
Consumable stores	13 578 790	13 136 157
Water	285 014	442 918
	64 556 229	104 568 892
Stock shortages written off during the year	(221 633)	(208 096)
Stock surpluses for the year	99 604	216 894
Net stock result	(122 029)	8 798
5. Consumer debtors		
Gross balances		
Rates	29 880 267	28 754 006
Electricity	21 169 148	19 653 998
Water	6 506 300	6 240 399
Sewerage	4 779 217	4 107 687
Refuse	3 978 488	3 452 694
Housing rental	67 139	291 824
VAT, interest and Deposits	9 835 288	8 029 003
	76 215 847	70 529 611
Less: Allowance for impairment		
Rates	(17 159 069)	(16 069 215)
Electricity	(1 941 616)	(1 818 294)
Water	(2 859 971)	(2 678 321)
Sewerage	(1 671 821)	(1 565 635)
Refuse	(1 362 026)	(1 275 517)
VAT, interest and Deposits	(4 394 228)	(4 115 129)
	(29 388 731)	(27 522 111)
Nett Balances		
Rates	12 721 197	12 684 791
Electricity	19 227 533	17 835 704
Water	3 646 329	3 562 078
Sewerage	3 107 397	2 542 052
Refuse	2 616 463	2 177 178
Housing rental	67 139	291 824
VAT, interest and Deposits	5 441 060	3 913 874
	46 827 118	43 007 501
Included in above is receivables from exchange transactions		
Electricity	19 227 533	17 835 704
Water	3 646 329	3 562 078
Sewerage	3 107 397	2 542 052
Refuse	2 616 463	2 177 178
VAT, interest and Deposits	5 441 060	3 913 874
Housing rental	67 139	291 824
	34 105 921	30 322 710
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	12 721 197	12 684 791

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
5. Consumer debtors (continued)		
Net balance	46 827 118	43 007 501
Rates		
Current (0 -30 days)	14 029 868	12 677 554
31 - 60 days	1 352 834	1 269 441
61 - 90 days	973 298	858 934
91 - 120 days	716 414	691 270
121 - 150 days	901 330	553 525
> 150 days	11 906 523	12 703 281
	29 880 267	28 754 005
Electricity		
Current (0 -30 days)	18 075 123	17 038 124
31 - 60 days	906 276	954 976
61 - 90 days	410 305	370 276
91 - 120 days	244 959	140 471
121 - 150 days	185 213	89 753
> 150 days	1 347 269	1 060 399
	21 169 145	19 653 999
Water		
Current (0 -30 days)	3 103 064	3 405 137
31 - 60 days	661 757	577 433
61 - 90 days	424 886	255 207
91 - 120 days	168 998	134 847
121 - 150 days	163 085	119 839
> 150 days	1 984 508	1 747 935
	6 506 298	6 240 398
Sewerage		
Current (0 -30 days)	2 851 779	2 402 314
31 - 60 days	356 153	282 516
61 - 90 days	159 563	134 913
91 - 120 days	112 769	85 935
121 - 150 days	138 891	65 464
> 150 days	1 160 061	1 136 544
	4 779 216	4 107 686
Refuse		
Current (0 -30 days)	2 433 543	2 086 864
31 - 60 days	264 472	221 866
61 - 90 days	151 184	120 249
91 - 120 days	99 493	69 627
121 - 150 days	84 697	52 402
> 150 days	945 097	901 687
	3 978 486	3 452 695

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
5. Consumer debtors (continued)		
Housing rental		
31 - 60 days	38 807	35 333
61 - 90 days	2 153	7 286
91 - 120 days	1 993	159 124
121 - 150 days	24 187	90 081
	67 140	291 824
VAT, Interest and Deposits		
Current (0 -30 days)	5 556 168	4 035 078
31 - 60 days	486 392	416 484
61 - 90 days	287 728	244 945
91 - 120 days	223 970	183 365
121 - 150 days	231 913	149 884
> 150 days	3 049 114	2 999 247
	9 835 285	8 029 003
Summary of debtors by customer classification		
Government		
Current (0 -30 days)	1 569 166	-
31 - 60 days	876 223	-
61 - 90 days	304 973	-
91 - 120 days	258 948	-
121 - 150 days	125 947	-
> 150 days	1 045 590	-
	4 180 847	-
Less: Allowance for impairment	(2 417 032)	-
	1 763 815	-
Business		
Current (0 -30 days)	16 749 367	-
31 - 60 days	1 133 466	-
61 - 90 days	778 981	-
91 - 120 days	478 631	-
121 - 150 days	507 981	-
> 150 days	10 176 970	-
	29 825 396	-
Less: Allowance for impairment	(12 691 746)	-
	17 133 650	-
Households		
Current (0 -30 days)	27 731 013	-
31 - 60 days	2 057 002	-
61 - 90 days	1 325 164	-
91 - 120 days	831 017	-
121 - 150 days	1 095 390	-
> 150 days	9 170 015	-
	42 209 601	-
Less: Allowance for impairment	(14 279 952)	-
	27 929 649	-

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
5. Consumer debtors (continued)		
Total		
Current (0 -30 days)	46 049 547	-
31 - 60 days	4 066 692	-
61 - 90 days	2 409 119	-
91 - 120 days	1 568 597	-
121 - 150 days	1 729 318	-
> 150 days	20 392 574	-
	76 215 847	-
Less: Allowance for impairment	(29 388 729)	-
	46 827 118	-
Less: Provision for debt impairment		
Current (0 -30 days)	(2 227 520)	-
31 - 60 days	(1 892 620)	-
61 - 90 days	(1 804 243)	-
91 - 120 days	(1 567 174)	-
> 120 days	(21 897 173)	-
	(29 388 730)	-
Total debtor past due but not impaired		
Current (0 -30 days)	43 811 647	-
31 - 60 days	2 174 098	-
61 - 90 days	604 902	-
91 - 120 days	1 450	-
121 - 150 days	207 553	-
> 150 days	27 468	-
	46 827 118	-
Reconciliation of allowance for impairment		
Balance at beginning of the year	(27 522 111)	(24 188 865)
Contributions to provision	(4 827 570)	(4 428 240)
Debt impairment written off against provision	2 960 951	1 094 994
	(29 388 730)	(27 522 111)
6. Receivables from exchange transactions		
Debtor for interest	220 449	4 827 702
Consumer old debt	1 864 548	-
Sundry debtors	4 983 924	5 867 766
Deposits paid	1 039 895	622 624
Insurance	1 059 387	995 507
NDM projects	-	317 721
Debtor for ABSA investment	-	16 672 293
Main service contribution	2 142 010	-
Leases	2 349 785	-
Twizza electrical bulk contribution	5 700 000	-
Dumping site levies	237 150	-
Allowance for impairment	(4 914 513)	(3 686 235)
	14 682 635	25 617 378
Trade and other receivables past due but not impaired		
The ageing of amounts past due but not impaired is as follows:		

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
6. Receivables from exchange transactions (continued)		
1 month past due	6 268 636	-
2 months past due	1 237 465	-
3 months past due	7 176 533	-
Trade and other receivables impaired		
The amount of the provision was R (4 914 514) as of 30 June 2013 (2012: R (3 686 235)).		
The ageing of these loans is as follows:		
3 to 6 months	126	-
Over 6 months	4 237 863	-
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	3 686 235	3 588 179
Provision for impairment	2 458 969	368 935
Amounts written off as uncollectible	(1 230 691)	(270 879)
	4 914 513	3 686 235
The creation and release of provision for impaired receivables have been included under operating expenditure. Amounts written off against the provision amounting to R1 230 690 and are generally written off when there is no expectation of recovering additional cash.		
7. Receivables from non-exchange transactions		
Government grants and subsidies	-	887 225
Health Subsidy	11 462 100	9 062 100
	11 462 100	9 949 325
8. Long-term loans		
At amortised cost		
Sale of Erven	417 342	3 757 468
Loans were given at a low interest rate of 7.5% per annum to encourage development through the sale of vacant erven. In terms of the MFMA no new loans are granted. The remaining repayment terms vary from 1 years 5 for the different contracts.		
	417 342	3 757 468
	-	-
	-	-
Non-current assets		
At amortised cost	120 097	333 240
Current assets		
At amortised cost	297 245	3 424 228
Non-current assets	120 097	333 240
Current assets	297 245	3 424 228
	417 342	3 757 468

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	42 380	42 380
Bank balances	57 353 303	58 397 135
	57 395 683	58 439 515

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30 2013	June 30 2012	June 30 2011	June 30 2013	June 30 2012	June 30 2011
ABSA BANK (Nelspruit)- Cheque Account 1040-000-077	95 780 173	67 749 028	64 762 640	49 647 860	55 416 830	59 328 304
ABSA BANK (Nelspruit)- Cheque Account 4078-303-563	7 680 443	2 945 985	-	7 705 443	2 980 305	-
Total	103 460 616	70 695 013	64 762 640	57 353 303	58 397 135	59 328 304

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand

10. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 545 884 717	-	2 545 884 717	2 551 499 780	-	2 551 499 780
Buildings	275 233 460	(88 229 987)	187 003 473	253 993 249	(81 461 055)	172 532 194
Infrastructure	4 908 761 134	(2 360 702 161)	2 548 058 973	4 748 212 083	(2 254 035 525)	2 494 176 558
Community	708 500 900	(194 553 612)	513 947 288	691 678 560	(179 160 016)	512 518 544
Other property plant & equipment	225 170 686	(124 527 306)	100 643 380	207 802 320	(109 014 549)	98 787 771
Housing development fund	6 742 664	(4 492 895)	2 249 769	6 742 664	(4 251 727)	2 490 937
Total	8 670 293 561	(2 772 505 961)	5 897 787 600	8 459 928 656	(2 627 922 872)	5 832 005 784

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	2 551 499 780	2 853 384	(8 468 447)	-	-	2 545 884 717
Buildings	172 532 194	21 661 721	(238 835)	(6 849 611)	(101 996)	187 003 473
Infrastructure	2 494 176 558	160 695 936	-	(106 813 521)	-	2 548 058 973
Community	512 518 546	19 417 855	(961 935)	(16 470 017)	(557 161)	513 947 288
Other property, plant and equipment	98 787 769	22 557 676	(231 814)	(20 470 251)	-	100 643 380
Housing development fund	2 490 937	-	-	(241 168)	-	2 249 769
	5 832 005 784	227 186 572	(9 901 031)	(150 844 568)	(659 157)	5 897 787 600

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Correction of errors (Note 37)	Disposals	Transfers	Depreciation	Total
Land	2 886 881 711	1 699 192	(329 626 783)	(7 273 772)	(180 568)	-	2 551 499 780
Buildings	174 876 348	4 285 667	-	-	180 568	(6 810 389)	172 532 194
Infrastructure	2 446 977 839	164 900 052	-	-	-	(117 701 333)	2 494 176 558
Community	495 785 473	31 540 524	-	(13 363)	-	(14 794 088)	512 518 546
Other property, plant and equipment	87 825 585	30 011 928	(13 693)	-	-	(19 036 051)	98 787 769
Housing development fund	2 750 969	-	-	-	-	(260 032)	2 490 937
	6 095 097 925	232 437 363	(329 640 476)	(7 287 135)	-	(158 601 893)	5 832 005 784

Reconciliation of Work-in-Progress 2013

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	55 916 784	6 486 395	6 992 476	69 395 655
Additions/capital expenditure	27 614 358	4 288 405	20 628 867	52 531 630
Transferred to completed items	(15 362 303)	(1 748 364)	(2 848 944)	(19 959 611)
	68 168 839	9 026 436	24 772 399	101 967 674

11. Intangible assets

	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	14 548 570	(12 550 707)	1 997 863	13 513 995	(11 742 695)	1 771 300

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
--	-----------	-----------

11. Intangible assets (continued)

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software	1 771 295	1 045 078	(818 510)	1 997 863

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software	2 325 331	434 737	(988 766)	1 711 295

12. Consumer deposits

Electricity and water	48 895 961	31 716 616
Sundry deposits held	9 661 510	7 711 330
	58 557 471	39 427 946

No interest is paid on deposits.

Guarantees held in lieu of electricity and water deposits	3 652 353	4 263 620
---	-----------	-----------

13. Provisions

Reconciliation of provisions - 2013

	Opening Balance	Contribution to provision	Expenditure incurred	Reversed during the year	Total
Landfill Rehabilitation	602 000	-	-	(602 000)	-
Performance Bonus	5 500 338	2 052 884	(1 155 028)	(344 281)	6 053 913
Church Erven	494 036	(42 280)	-	-	451 756
	6 596 374	2 010 604	(1 155 028)	(946 281)	6 505 669

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R				
13. Provisions (continued)						
Reconciliation of provisions - 2012						
	Opening Balance	Additions	Utilised during the year	Transfer to current provisions	Correction or error	Total
Landfill Rehabilitation	602 000	-	-	-	-	602 000
Performance Bonus	5 123 158	2 065 992	(1 340 939)	(347 873)	-	5 500 338
Church erven	305 311	32 838	-	-	155 887	494 036
	6 030 469	2 098 830	(1 340 939)	(347 873)	155 887	6 596 374
Non-current liabilities					309 287	953 567
Current liabilities					6 196 382	5 642 807
					6 505 669	6 596 374

The landfill rehabilitation is created for the rehabilitation of the current operational sites which is evaluated at each year end to reflect the best estimate at reporting date. The landfill rehabilitation costs is contracted out thus no current obligation.

The provision is to provide for performance bonuses of the section 57 employees and other senior managers where applicable. The provision is calculated at 14% of the total remuneration in terms of the performance agreements at reporting date which is usually paid within one year.

The provision on church erven is for the obligation which the municipality have to pay 25% of the purchase price back to the church once the property is fully developed, which is evaluated at the end of each year to reflect the best estimate at reporting date.

14. Trade payables from exchange transactions

Trade payables	68 909 020	65 850 888
Consumer Debtors paid in advance	7 950 897	9 357 664
Sundry debtors paid in advance	349 305	1 831 014
Sewerage effluent payable	2 333 167	456 913
Staff leave	21 179 524	19 046 364
Retention	18 801 402	15 210 336
Retail pre-paid sales in advance	1 839 396	763 568
Payments received in advance - other pre-paid sales	2 778 936	3 244 613
Impounded Vehicles	235 609	-
	124 377 256	115 761 360

15. Trade payables from non-exchange transactions

Municipal Infrastructure Grant	125 750	-
Municipal Systems Improvement Grant	91 369	-
Expanded Public Works Programme	84 948	-
Integrated National Electricity Programme	2 102 481	-
Other Capital Grants	139 415	3 240 493
Other Grants	248 585	1 436 615
	2 792 548	4 677 108

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
16. VAT		
VAT receivable	7 260 551	11 645 519
VAT payable	(5 181 124)	(4 310 045)
	2 079 427	7 335 474

The municipality is registered for VAT on the payment basis.

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Finance Management Grant	1 648 907	1 011 788
Municipal Systems Improvement Grant	300 000	342 021
Municipal infrastructure grant	-	174 949
Integrated National Electricity Programme	-	70
National Lottery Distribution Trust Fund	-	-
Neighbourhood Development Partnership Grant	3 149 164	11 685 876
Housing Accreditation Grant	1 803 375	1 000 000
	6 901 446	14 214 704

See note 23 for reconciliation of grants from National/Provincial Government.

18. Other financial liabilities

At amortised cost

Annuity Loans	113 491 377	126 734 843
See Appendix A for more detail.		

Non-current liabilities

Annuity loans	101 797 958	113 491 230
---------------	-------------	-------------

Current liabilities

Current portion transferred to current liabilities	11 693 419	13 243 613
--	------------	------------

19. Finance lease obligation

Minimum lease payments due

- within one year	177 538	461 697
- in second to fifth year inclusive	59 373	147 871
	236 911	609 568
Less: Future finance charges	(9 072)	(54 981)
Present value of minimum lease payments	227 839	554 587

Present value of minimum lease payments due

- within one year	163 428	365 994
- in second to fifth year inclusive	64 411	188 593
	227 839	554 587

Non-current liabilities	64 411	188 593
Current liabilities	163 428	365 994
	227 839	554 587

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
20. Employee benefit obligations		
Defined benefit plan		
Long Service Award Liability		
Accrued Liability		
Opening accrued liability	(12 376 871)	(11 819 178)
Current service cost	(1 255 748)	(1 066 627)
Interest cost	(834 072)	(888 460)
Benefits vestings	1 257 107	2 142 379
Actuarial loss / (gain)	(530 493)	(744 985)
Net liability	(13 740 077)	(12 376 871)
Non-current liabilities	(12 603 379)	(11 119 764)
Current liabilities	(1 136 698)	(1 257 107)
	(13 740 077)	(12 376 871)

The fair value of plan assets includes:

Main assumptions		
Discount rate	7.39%	7.09%
General Salary inflation (long-term)	6.83%	6.38%
Post-employment medical aid subsidy Liability		
Accrued liability beginning of year	74 925 000	69 812 000
Service cost	4 345 000	4 293 000
Interest cost	6 131 000	6 018 000
Actuarial (gains) losses	(14 751 292)	(4 224 000)
Contribution payments	(1 026 000)	(974 000)
Net Liability	69 623 708	74 925 000
Non-current liabilities	(67 494 824)	(73 899 000)
Current liabilities	(2 128 884)	(1 026 000)
Total	(69 623 708)	(74 925 000)

Main assumptions

Assumptions used at the reporting date:

Discount rates used	8,87 %	8,10 %
Health care cost inflation	7,75 %	7,37 %
General inflation	5,90 %	5,90 %
Post retirement interest rate	1,00 %	1,10 %
Salary cost inflation	6,83 %	6,90 %
Accrued liability		
Active members	40 640 200	44 300 000
CAWMS liability	28 983 508	30 625 000
Accrued liability at the end of the year	69 623 708	74 925 000

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
21. Housing development fund		
Balance at beginning of the year	7 049 112	7 050 989
Transfer to housing development fund	12 500	3 045
Income	-	(15 349)
Operating expenditure	-	10 427
	7 061 612	7 049 112

22. Property rates

Rates received

Municipal	123 905 485	104 571 468
Small holdings and farms	92 756 762	81 644 611
Government	13 260 244	11 719 947
Privately owned towns	381 153	507 722
	230 303 644	198 443 748

Valuations

Residential	16 636 141 000	16 079 046 126
Commercial: Site valuation	917 729 000	3 973 730 200
State	3 822 924 200	914 910 000
Privately owned towns	47 192 000	40 500 000
	21 423 986 200	21 008 186 326

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of R0.011 (2012: R0.009) is applied to property valuations to determine assessment rates.

The new general valuation will be implemented on 01 July 2013.

23. Service charges

Sale of electricity	393 197 587	343 865 016
Sale of water	56 617 772	53 317 464
Sewerage charges	53 853 246	45 155 692
Refuse removal	51 526 257	43 439 606
	555 194 862	485 777 778

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
24. Interest earned		
Interest revenue		
Current account	7 789 813	7 089 907
External investments	13 104 239	14 516 858
	20 894 052	21 606 765
	-	-
	20 894 052	21 606 765
Outstanding debtors		
Sundry debtors	122 199	236 128
Sale of erven	602	596
Services	722 721	777 396
Property rates	958 387	1 118 740
	1 803 909	2 132 860
25. Government grants and subsidies		
Operating grants		
Equitable share	85 818 001	77 312 000
Provincial Health Subsidies	2 400 000	2 510 100
Finance Management Grant (FMG)	862 881	452 265
Municipal Systems Improvement Grant (MSIG)	458 250	199 016
Municipal Infrastructure Grant (MIG)	1 073 686	1 133 706
Local government transition grant (LGTF)	749 116	-
Municipal accreditation aapacity grant (MACEF)	18 147	-
	91 380 081	81 607 087
Capital grants		
Municipalt Systems Improvement Grant (MSIG)	292 402	865 963
Municipal Infrastructural Grant (MIG)	36 527 513	25 989 717
Integrated National Electrification Grant (INEP)	397 589	3 846 400
Municipal Accreditation Capacity Enhancement Funding (MACEF)	178 478	-
Neighbourhood Development Partnership Grant	12 536 811	8 702 071
Resettlement Grant - Botshabelo	-	888 526
EPWP	627 023	1 873 460
	50 559 816	42 166 137
	141 939 897	123 773 224

Equitable Share

This grant is an unconditionally grant and is partially utilised for the provision of indigent support through free basic services. Registered indigents receive a rebate of 100% on assessment rates and a monthly subsidy of R267 (2012: R209) on the cost of other services which are funded from this grant.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
25. Levies (continued)		
Finance Management Grant		
Balance unspent at beginning of year	1 011 788	1 114 053
Current-year receipts	1 500 000	1 250 000
Conditions met - transferred to revenue	(862 881)	(452 265)
Recovered by National Treasury	-	(900 000)
Unspent amount transferred to liabilities	1 648 907	1 011 788

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

Municipal Systems Improvement Grant (MSIG)

Balance unspent at beginning of year	342 021	617 000
Current-year receipts	800 000	790 000
Conditions met - transferred to revenue	(750 652)	(1 064 979)
Unspent amount transferred to liabilities	391 369	342 021

Conditions still to be met - remain liabilities (see note 17)

This grant was used to build in-house capacity to perform their functions and stabilise institutional and governance systems. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

Municipal Infrastructure Grant (MIG)

Balance unspent / (due) at beginning of year	174 949	(3 658 628)
Current-year receipts	37 552 000	30 957 000
Conditions met - transferred to revenue	(37 601 198)	(27 123 423)
Recovered by National Treasury	-	(458 000)
Debtor raised	-	458 000
Unspent amount transferred to liabilities	125 751	174 949

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of poor households. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld. An amount of R458 000 was recovered by National Treasury for unspent portion of 2010/2011.

Integrated National Electrification Grant (INEP)

Balance unspent at beginning of year	70	2 406 470
Current-year receipts	2 500 000	1 440 000
Conditions met - transferred to revenue	(397 589)	(3 846 400)
	2 102 481	70

This grant was used to address the electrification backlog of permanently occupied residential dwellings. The conditions of the grant were met and no funds have been withheld.

Provincial Health Subsidy

Balance unspent / (due) at beginning of year	(9 062 100)	(6 552 000)
Conditions met - transferred to revenue	(2 400 000)	(2 510 100)
Outstanding amount transferred to other debtors. (See note 7)	(11 462 100)	(9 062 100)

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
25. Levies (continued)		
The municipality renders health service on behalf of the Provincial Government and is refunded approximately 14.95% of total expenditure incurred. This grant has been used exclusively to fund clinic services. The conditions of this grant has been met but the subsidy has not been received yet.		
Resettlement Grant - Botshabelo		
Balance unspent at beginning of year	-	888 526
Conditions met - transferred to revenue	-	(888 526)
Unspent amount transferred to liabilities	-	-

Conditions still to be met - remain liabilities (see note 13)

This grant was received as a result of the land claim on the property which was alienated. The Council resolved that the funds be utilised towards the town planning costs for the village to be established on the said property for the resettlement of the previous inhabitants of the area.

Neighbourhood Development Partnership Grant

Balance unspent at beginning of year	11 685 876	5 387 947
Current-year receipts	4 000 000	15 000 000
Conditions met - transferred to revenue	(12 536 712)	(8 702 071)
	3 149 164	11 685 876

Conditions still to be met - remain liabilities (see note 17)

This grant is given to municipalities to provide them with capital subsidies for property development in townships and new residential neighbourhoods that include the construction or upgrading of community facilities, and where appropriate, to attract private sector funding and input. Other than the unspent amount, the conditions of the grant was met and no funds had been withheld.

Expanded Public Works Program

Balance unspent / (due) at beginning of year	184 913	(55 453)
Current-year receipts	1 646 000	1 744 000
Conditions met - transferred to revenue	(1 561 052)	(1 873 460)
Other	184 913	-
	454 774	184 913

Conditions still to be met - remain liabilities (see note 17)

The Expanded public Works Program is a special performance-based incentive provided to provinces and municipalities that contribute to the employment creation efforts of the expanded public works program through the employment of previously unemployed people.

Municipal Accreditation Capacity Enhancement Funding

Balance unspent at beginning of year	1 000 000	1 000 000
Current-year receipts	1 000 000	-
Conditions met - transferred to revenue	(196 625)	-
	1 803 375	1 000 000

The grant assist the Municipality with the enhancing of the capacity in the Municipality to deal with the delegated accreditation functions.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
26. Public contributions and donations		
Nkangala District Municipality	25 912 990	30 462 101
Developer donations	-	2 044 739
National Lottery Distribution fund	-	29 590
Public Donation Capital	1 382 440	5 399 395
	27 295 430	37 935 825

Major Classes

Infrastructure - Roads	1 667 994	7 933 458
Infrastructure - Water	17 605 318	264 125
Infrastructure - Sewerage	5 125 790	21 879 820
Infrastructure - Electricity	-	19 200
Infrastructure - Solid Waste	-	1 099 000
Community Assets	-	5 108 985
Other Assets	1 382 441	320 000
Other Assets Vehicles	1 513 887	1 311 237
	27 295 430	37 935 825

No conditions or restriction attached. The assets were fully capitalised on 30 June 2013.

27. Other income

Sale of Erven	32 194 287	52 318 228
Main Service Contribution	16 195 862	6 586 462
Building Plan Fees	1 641 485	1 475 946
Entrance Fees	24 911	23 925
Community Service Fees	955 521	687 929
Dumping Site Fees	1 027 309	930 930
Option Fees	234 645	217 896
Connection Fees	6 600 835	7 296 144
Insurance Claims	2 403 334	1 980 934
Refund Skills Development	1 367 126	1 377 306
Dumping Site fees	26 605	-
Admin Fees	2 607 082	2 597 840
Fair Value Adjustment	-	51 358
Sundry Fees	1 622 587	2 044 459
Internal Fees	322 587	230 708
	67 224 176	77 820 065

28. Employee related costs

Salaries	192 776 363	167 450 112
Medical aid	13 725 100	11 969 965
Unemployment insurance fund	1 814 917	1 519 583
Workmen's compensation	1 819 419	1 625 796
Post-employment benefits - Pension fund contributions	34 042 251	29 061 480
Overtime payments	41 740 859	37 616 539
Housing allowances	1 733 989	1 647 362
Group insurance	987 161	1 137 161
Cellphone Allowances	431 115	299 635
	289 071 174	252 327 633

Remuneration of Municipal Manager: WD Fouche

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
28. Employee related costs (continued)		
Basic salary	907 850	818 165
Travel	171 600	171 036
Contributions to UIF, Medical and Pension Funds	106 200	117 600
Cellphone allowance	31 200	31 200
Other	4 468	5 120
	1 221 318	1 143 121

Appointed from 1 February 2012.

Executive Manager Finance: E Wasserman

Basic salary	779 951	302 194
Travel	108 000	45 000
Contributions to UIF, Medical and Pension Funds	56 740	20 481
Cellphone allowance	20 400	1 843
Other	4 518	7 500
	969 609	377 018

Appointed from 1 March 2013.

Deputy Municipal Manager; SM Mnguni

Basic salary	282 703	-
Travel	7 359	-
Cellphone allowance	6 000	-
Other	1 460	-
	297 522	-

Executive Manager Corporate Services: T Mekuto

Annual Remuneration	711 867	661 430
Travel	120 000	120 000
Contributions to UIF, Medical and Pension Funds	112 924	100 313
Cellphone allowance	18 000	18 000
Other	4 417	5 062
	967 208	904 805

Appointed from 1 March 2013. PF Phiri was the Executive Manager Public Service in the previous year.

Executive Manager Public Services: MC Hlatshwayo

Basic salary	265 937	669 880
Travel	40 000	144 000
Contributions to UIF, Medical and Pension Funds	7 420	67 750
Cellphone allowance	6 000	18 000
Other	1 472	5 176
	320 829	904 806

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
28. Employee related costs (continued)		
Executive Manager Technical Facilities: E Warambwa		
Basic salary	774 923	715 792
Travel	120 000	120 000
Contributions to UIF, Medical and Pension Funds	49 770	45 838
Cellphone allowance	18 000	18 000
Other	4 516	5 176
	967 209	904 806

The municipality had 1290 permanent employees at reporting date.

29. Remuneration of councillors

Councillors	10 473 462	9 853 107
Executive Major	673 748	635 045
Mayoral Committee Members	3 277 125	3 035 570
Speaker	553 894	543 729
Chief Whip	524 024	495 347
	15 502 253	14 562 798

Councillors remuneration is made up of the following:

Councillors remuneration	9 968 610	9 579 072
Pension contributions	618 336	576 465
Medical aid contributions	357 083	170 411
Motor vehicle allowance	3 774 142	3 475 958
Cell phone allowances	784 081	760 892
Other benefits and allowances	-	50 385
	15 502 252	14 613 183

The municipality have 9 fulltime councillors and 49 part time councillors.

30. Depreciation and amortisation

Property, plant and equipment	151 663 078	159 590 653
-------------------------------	-------------	-------------

31. Finance costs

Annuity loan	12 130 209	14 032 052
Lease liability	39 801	78 333
Interest retention discounting	-	475 105
	12 170 010	14 585 490

Total interest expenses are calculated using the effective interest rate on borrowings. The interest rate vary between 9% and 13%.

32. Debt impairment

Contributions to debt impairment provision	6 209 251	4 797 175
--	-----------	-----------

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
33. Bulk purchases		
Electricity	279 936 421	242 534 922
Water	8 798 662	8 038 883
	288 735 083	250 573 805
Percentage Electricity losses	6,73 %	11,64 %
Percentage Water losses	22,22 %	18,88 %
34. Grants and subsidies paid		
Grants and subsidies paid		
Tourist Information Centre	220 000	115 000
Animal Care SPCA	375 000	275 000
Forever Loskop Marathon	25 000	25 000
Arts and Culture	500 000	-
Business Linkage	200 000	160 000
Other Grants	4 850	50 000
Free Basic Services	45 132 262	38 538 077
Rebates	3 421 042	4 865 472
	49 878 154	44 028 549
35. Contracted services		
Security Services	6 255 623	5 358 705
Cleaning Services	88 385	729 868
Other Contractors	16 352 076	11 017 820
	22 696 084	17 106 393
36. General expenses		
Advertising	3 667 778	3 424 255
Audit fees	3 508 186	3 159 746
Bank charges	1 687 833	1 525 819
Consulting and professional fees	4 178 882	3 403 894
Insurance	6 213 216	6 721 546
Rental fees	758 131	509 411
Postage and courier	1 871 135	1 369 889
Staff welfare	65 000	-
Communications	4 303 927	3 932 203
Transportation	1 900 740	2 032 183
Training	37 296	-
Travel and accommodation	15 608 386	13 707 010
Other	17 100 213	10 097 248
Materials and supplies	28 072 710	24 211 364
Skills development and training	5 485 171	4 359 973
Connection fees	6 082 661	2 562 633
Legal fees	3 670 730	3 686 832
Inventory	15 124 349	14 813 853
Licensing fees	2 010 218	2 142 842
	121 346 562	101 660 701

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
--	-----------	-----------

37. Correction of error and Changes in accounting policies

Inventory (Prior period error)

In the previous set of financial statements for the year ending 30 June 2012, the figure indicated under Inventory, was incorrectly stated as a result of inventory land incorrectly classified as PPE. The opening balance for the current financial year has been adjusted.

Trade and other debtors (Change in accounting policy):

In the previous set of financial statements for the year ending 30 June 2013, the figures indicated under trade and other debtors were discounted. Due to the application of GRAP104 in the current year, the debtors no longer require to be discounted and these amounts were reversed.

Statement of Financial Position

Inventory

Closing balance as at 30 June 2012	-	32 127 451
Land	-	72 441 440
Restated balance	-	104 568 891

Non-current assets

Trade and other Debtors

Closing balance as at 30 June 2012	-	42 452 017
Reversal of discount on receivables	-	555 483
Restated balance	-	43 007 500

Property, Plant & Equipment

In the previous set of financial statements for the year ending 30 June 2012, the figure indicated under Inventory, was incorrectly stated as a result of inventory land incorrectly classified as PPE. The fixed asset register further included some prior period impairments, for which the historical cost and accumulated depreciations were not removed from the accounting system. The Carrying value of these assets were zero. The opening balance for the current financial year has been adjusted as follows :

Statement of Financial Position

Non-current Assets: Property, Plant & Equipment

Closing balance as at 30 June 2012	-	6 161 547 658
Correction of error: Historical cost: Other Assets	-	78 491
Correction of error: Historical Cost: Infrastructure Assets	-	(2 901 479)
Correction of error: Historical Cost: Community Assets	-	(112 860)
Correction of error: Historical Cost: Land	-	(329 626 781)
Correction of error: Accumulated Depreciation: Infrastructure	-	2 901 479
Correction of error: Accumulated Depreciation: Community Assets	-	112 860
Correction of error: Accumulated Depreciation: Other Assets	-	6 416
Restated balance	-	5 832 005 785

Trade payables (Correction of error) :

After the completion of the financial statements for the year ending 30 June 2013, it became apparent that the leave provision schedule included a calculation error. The opening balance for the new financial year, had been adjusted.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
37. Correction of error and Changes in accounting policies (continued)		
Retention (Change in accounting policy):		
Due to the first time application of GRAP 104 the discounting on retentions were no longer required. The opening balance for the new financial year, had been adjusted.		
Provisions (Correction of error):		
After the completion of the financial statements for the year ending 30 June 2013, it became apparent that the figure indicated under Provisions for the sale of church erven, was not correct, due to agreements not in our possession. The opening balance for the new financial year, had been adjusted. Th long service awards were adjusted according to the actuarial report.		
Statement of Financial Position		
Current liabilities		
Trade payables		
Closing balance as at 30 June 2012	-	(114 354 237)
Correction of error	-	(6 084 232)
	-	(120 438 469)
Post Employment Stated Benefits		
Closing Balance as at 30 June 2012	-	(74 925 000)
Long Service Awards	-	(10 529 046)
Reclasification Long Service Awards	-	(1 847 825)
Restated balance	-	(87 301 871)
Provisions		
Closing balance as at 30 June 2012	-	(8 288 312)
Long Service Awards	-	1 847 825
Church Erven	-	(155 887)
Restated balance	-	(6 596 374)
Finance Lease liabilities		
Closing balance as at 30 June 2012	-	(111 432)
Capitalise finance lease asset	-	(77 160)
	-	(188 592)

Reconciliation Accumulated Surplus

After all the corrections of errors and changes in accounting policies are accounted for, the restated accumulate surplus as at 30 June 2012, will be as follows:

Statement of Changes in Net Assets	
Closing balance as at 30 June 2012	- (6 011 246 366)
Correction of error	- (273 228 172)
Restated balance	- (6 284 474 538)

38. Risk management

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
38. Risk management (continued)		
The capital structure of the municipality consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 18, cash and cash equivalents disclosed in note 9, and equity as disclosed in the statement of financial position.		
There are no externally imposed capital requirements.		
There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.		
Liquidity risk		
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.		
Interest rate risk		
As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.		
The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain all of its borrowings in fixed rate instruments.		
Credit risk		
Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.		
Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.		
39. Cash generated from operations		
Surplus	34 164 957	69 823 599
Adjustments for:		
Depreciation and amortisation	151 663 078	159 590 653
Loss on sale of assets and liabilities	(57 740)	(23 935)
Public Contributions	(27 295 431)	-
Interest paid	12 170 010	(14 585 490)
Interest received	(22 697 960)	23 739 625
Impairment	29 401 725	-
Debt impairment	6 209 251	-
Gains on disposals	9 734 724	-
Contributions to provisions	857 828	-
Non-Operating Expenditure	341 610	13 849 797
Non-Operating Income	-	(4 070 578)
Changes in working capital:		
Inventory	40 012 662	6 471 348
Debtors	5 602 350	(9 793 110)
Deferred leases	(414 566)	(9 329 600)
Creditors	4 326 787	15 306 044
VAT	5 256 047	-
Unspent conditional grants and receipts	(4 908 710)	-
	244 366 622	250 978 353

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
40. Commitments		
Authorised capital expenditure		
Approved and contracted for		
• Land and buildings	8 438 858	22 653 632
• Infrastructure	49 909 954	74 735 470
• Community assets	-	1 954 792
• Specialised vehicles	3 937 697	1 620 000
	62 286 509	100 963 894
Approved but not yet contracted for		
• Land and buildings	5 186 654	4 960 423
• Infrastructure	3 260 122	4 682 014
• Community assets	-	381 002
• Specialised vehicles	-	2 290 000
• Intangibles	-	1 000 000
	8 446 776	13 313 439
This expenditure will be financed from		
External loans	44 993 889	76 425 720
Internal Generated Funds	20 240 387	24 695 481
Government grants	5 499 009	13 156 132
	70 733 285	114 277 333

41. Contingencies

Contingent liabilities

Forthwith is a list of possible liability claims where the outcome was unknown at year end:

1. M.M. Selala on behalf of Phillip Selala – this is a claim for damages in the amount of R175 000,00 against the municipality for the injury to his child as result of loose paving.
2. N.J. & R.D. Mahlaba – this is a claim for damages in the amount of R200 000,00 whereby a nurse in the employment of the municipality incorrectly diagnosed a patient as being HIV positive.
3. T.A.C. Wesson – this is a claim for the amount of R100 000,00 for unlawful arrest in a traffic related incident.
4. ABSA Technology Finance Solutions (Pty) Ltd - this is a claim of R22 000,00 as the sum owing at the date of termination of the Master Rental Agreement.
5. Steven Mahlangu – this is a claim for the amount of R100 000,00 for unlawful arrest in a traffic related incident.
6. H.E. Scheepers – this is a claim for the amount of R300 000,00 for unlawful arrest in a traffic related incident. Mr. Scheeper's attorney is awaiting outcome of criminal appeal before deciding whether to pursue with the civil claim against the municipality or not.
7. J.B. Mahlangu – this is a claim for the amount of R50 000,00 wherein the fire department vehicle negligently collided with a minibus taxi.
8. F. De Beer – a claim for damages in the amount of R13 690 was instituted against the municipality for damage caused by a pothole to a motor vehicle on corner Cowen Ntuli & Walter Sisulu Street.

Financial Statements for the year ended 30 June 2013

	2013 R	2012 R
--	-----------	-----------

9. Lurco Investment (Pty) Ltd – an appeal hearing against the municipality's decision not to approve the rezoning application. Mpumalanga Township Board made recommendation to uphold the appeal and to grant a high court costs order against the municipality. Should the MEC for Mpumalanga Provincial Government Department of Agriculture and Land Administration agree with the recommendation, costs to the amount of ±R500 000 will be payable. Matter finalised awaiting for a taxed Bill of Cost which will be about R 135 0000.
10. South African Local Authority Pension Fund – this is a claim for an amount of R76 268,00 being the amount paid to the beneficiary by the fund as a result of the failure by municipality to timesously submit the claim forms.
11. S.van Zyl – this is a claim for an amount of R200 000,00 for unlawful arrest in a traffic related incident.
12. P.W. Botha & Others – this is a claim for an amount of R352 500,00 for unlawful arrest in a traffic related incident.
13. S. van Vreden – this is a claim for an amount of R1 343 102,93 for damages, pain and suffering, loss of income, etc. due to alleged negligence by the municipality.
14. Triple E Training Holdings (Pty) Ltd - this is a claim for damages in the amount of R12 938,00 for services rendered (ABET).
15. S. Moroamoche - this is a claim for damages in the amount of R72 700,00 against the municipality for damage to a vehicle in an accident. The matter is defended by Council's attorneys.
16. P.J. Jansen - this is a claim for damages in the amount of R100 000,00 against the municipality for unlawful arrest. The matter is defended by Council's insurers attorneys.
17. E'Mhluzi Mall - this is a civil claim in the High Court for an approximate amount of R3-million or for retransfer of property to the municipality.
18. M.B. Lehwelere - this is a claim for damages in the amount of R50 000,00 against the municipality after the claimant was dismissed at a disciplinary hearing during August 2006.
19. C van Rensburg - this is a claim for damages in the amount of R100 000,00 against the municipality after a wheel dislodged from a vehicle which was driven by a Council employee on 15 May 2008.
20. N.M. Pieterse - this is a claim for damages in the amount of R50 000,00 against the municipality for unlawful arrest. The matter is defended by Council's insurers.
21. Zurich Insurance Company on behalf of A.N. Strydom - this is a claim for damages in the amount of R76 866,74 against the municipality for damage to a vehicle in an accident. The matter is defended by Council's insurers.
22. B. Chego - this a claim for damages in the amount of R100 000,00 against the municipality for damage to a vehicle in an accident. The matter is defended by Council's insurers.
23. C.J.Du Bruyn on behalf of V.Du Bruyn (minor) - this is a claim for damages in the amount of R250 272, 50 against the municipality for negligence. The matter is defended by Council's insurers.
24. P.B. Siziba on behalf of P.M. Siziba (minor) - this is a claim for damages in the amount of R505 000,00 against the municipality for negligence. The matter is defended by Council's insurers.
25. A.F. Talane - this is a claim for damages in the amount of R50 000,00 against the municipality for unlawful arrest. The matter is defended by Council's insurers.
26. E.B. Mahlangu - this is a claim for damages in the amount of R50 000,00 against the municipality for unlawful arrest. The matter is defended by Council's insurers.
27. M.P. Kunneke - this is a claim for damages in the amount of R1 000 000,00 against the municipality for negligence. The matter is defended by Council's insurers.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
--	-----------	-----------

41. Contingencies (continued)

28. Prestige Events - this is a claim for damages in the amount of R682 437,70 against the municipality for breach of contract. The matter is defended by Council's attorneys.
29. W.C. & Olwagen – this claim is for damages in the amount of R250 000,00 against the municipality for a child that fell from upper seating at the banquet hall. Matter referred to Council's insurers.
30. S. Setsoalo – this claim is for damages in the amount of R44 288,77 against the municipality as a result of an accident caused by an employee damaging claimant vehicle. Matter referred to Council's insurers.
31. D. Coetzee – this is a claim in the amount of R250 000,00 against the municipality for unlawful arrest. Letter of demand referred to Council's insurers.
32. J.J. Williams – this is a claim in the amount of R24 789,47 against the municipality for damage to a vehicle as a result of a collision with municipal vehicle. Matter referred to Council's insurers.
33. J.N.H. Grobler – this is a claim in the amount of R430 517,69 against the municipality for unlawful arrest and damage to vehicle. Matter referred to Council's insurers.
34. J.M. Ravele – this is a claim in the amount of R89 508,36 against the municipality for negligence or failure to exercise duty of care towards the plaintiff. Matter referred to Council's insurers

Wage Curve Collective Agreement

In 2009 SALGA was informend that the municipality do not agree with the signing of the wage curve collective agreement due to certain observations. The municipality task job evaluation forms were submitted to the SALGBC for moderation and publication. This process was never finalized, because of the expiring of the job evaluation agreement and is the job evaluation results anot vailable. The categorization of the municipality is still outstanding and could the applicable wage curve not be determined. As a result of these processes the applicable wage curve levels are not available. Therefore the amount of the obligation cannot be measured with sufficient reliability at reporting date until the finalization of all the neccessary processes.

Nkangala Committed Assets

Nkangala District Municipality implements capital projects which will be donated to Council on completion in the future. At reporting date, the following uncompleted capital projects were identified for the following asset classes:

Water	36 106 797	33 319 713
Sewerage	6 674 505	5 066 484
Roads	5 416 786	3 811 814
Town planning and Urban developement	1 001 899	665 210
Tokoloko cobbeled road	-	4 011 470
	49 199 987	46 874 691

42. Disclosure on arrears by councillors'

During the year the following councillors had arrear accounts outstanding for more than 90 days as at 30 June 2013

Councillor SD Nkadameng	120 days	90 days
Account 86-0155-2X	-	2 552
Councillor O Malinga	120 days	90 days
Account 342195-1X	1 674	-
Councillor EA Jele	120 days	90 days
Account 2362233X	37	-

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
43. Additional disclosure in terms of Municipal Finance Management Act		
Contribution to SALGA		
Membership fees payable	4 881 181	1 757 393
Amount paid - current year	(4 881 181)	(1 757 393)
Balance unpaid (included in creditors)	-	-
MFMA, Section 125(1)(b)		
Audit fees		
Current year audit fee	3 508 186	1 972 445
Amount paid - current year	(3 508 186)	(1 972 445)
Balance unpaid (included in creditors)	-	-
MFMA, Section 125(1)(c)		
PAYE and UIF		
Current year payroll deductions (PAYE)	36 179 537	31 930 651
Current year payroll deductions (UIF)	3 629 761	3 139 935
Amount paid current year (PAYE)	(36 179 537)	(31 930 651)
Amount paid current year (UIF)	(3 629 761)	(3 139 935)
Balance unpaid (included in creditors)	-	-
MFMA, Section 125(1)(c)		
Pension and Medical Aid Deductions		
Current year payroll deductions (Medical Aid)	23 356 721	20 137 109
Current year payroll deductions (Pension fund)	48 438 577	41 618 870
Amount paid current year (Medical Aid)	(23 356 721)	(20 137 109)
Amount paid current year (Pension fund)	(48 438 577)	(41 618 870)
Balance unpaid (included in creditors)	-	-
MFMA, Section 125(1)(c)		
VAT		
VAT receivable	7 260 551	11 645 519
VAT payable	(5 181 124)	(4 310 045)
	2 079 427	7 335 474

All VAT returns have been submitted by the due date throughout the year, MFMA, Section 125(1)(c).

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
43. Leases (Effects of transitional provisions) (continued)		
Output Tax		
Opening balance	(4 310 045)	(2 702 834)
Closing balance	(5 181 124)	(4 310 045)
Input Tax		
Opening balance	11 645 518	15 520 092
Amount claimed from SARS	5 239 570	14 740 926
Amount received from SARS	(9 624 538)	(18 615 499)
Amount payable to SARS	8 298 621	13 675 316
Amount paid current year	(8 298 621)	(13 675 316)
Balance outstanding (to)/from SARS	7 260 550	11 645 519

44. Irregular expenditure

	-	-
--	---	---

Details of irregular expenditure – current year

	-
--	---

Awards to employees in service of the Municipality:

Awards to employees from other organs of state:

Alikaze Trading	-	11 100
-----------------	---	--------

45. Fruitless and wasteful expenditure

Opening balance	250 884	-
SABC event		30 000
Environfill		220 884
Interest on late payments of creditors	28 056	-
Accommodation	1 700	-
Strategic Legolta	15 525	-
Balance	296 165	250 884

The accommodation relates to a double booking for the attendance of a an official event whilst the Strategic Legolta was for accommodations booked which was not used by delegates and not cancelled prior the event. Interest was levied on invoices which were not paid by due date. The cases are still pending.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
46. Supply chain management regulations - Other matters		
Paragraph 13(c)(iii) of Government Gazette No. 27636 issued on 30 May 2005 indicates that a supply chain management policy must state that a municipality or municipal entity may not consider a written quotation or bid unless the provider who submitted a quotation or bid has indicated whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.		
Paragraph 45(a),(b) &(c) of Government Gazette No. 27636 issued on 30 May 2005 states that the notes to the annual financial statements of a municipality or municipal entity must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months.		
Name of supplier and relationship		
Pro Video - relative working at STLM IT Department	-	35 783
Nokuvuya Trading - aunt working for STLM Supply Chain Unit	-	30 460
Isikhathi Esikhuku Events Management CC - relative working at Boskrans Sewer plant	-	18 104
Manico Toetsstasie Middelburg - relative working for Public Works	-	5 830
Lifting Operator Training Centre - wife is a teacher	-	19 722
Payati Business Enterprise - wife is a secretary at STLM Parks Department	-	156 279
Mpumamanzi Lab Services - spouse is a teacher	-	149 425
Aerocon SA - family members working for organ of State	-	91 770
Kgapo Electrical - Gert Kgapola (Brother) STLM Boskrans	997 826	
H2K Maintenance - Mother - SAPS	16 910	
Payati Business Enterprise - Wife - STLM Parks (Secretary)	85 110	
Tsoga Mothea Trading & Projects - Wife (Buiswe Matkie) - Sekhukune District Municipality	209 495	
Dikoloi Gerbox & Diff - Brother - SAPS	77 520	
Lefatshe La Rona Trading - Wife - Department of Education	50 015	
Wetland Consulting Service (Pty) Ltd - Bhuti's Wife - Dept of Water affairs	13 945	
Aurecon SA - Family Members	206 082	
Elidn Developers - Nosipho Makwetu (Relative) - Government	29 980	
Isikhathi Esikhulu events management - Brother - STLM	5 956	
Matlapeng - Mahuma Construction CC - Wife (Winnifred Sihlang) - Department of International Relations	101 851	
	1 794 690	507 373

47. Related parties

Other than the related parties indicated in note 27, 28, and 41, the municipality do not have any other related parties. No transactions occurred with related parties that were not at arm's length or not in the ordinary course of business.

48. Budget differences

Material differences between budget and actual amounts

Material differences above 10% of the approved budget is explained under Appendixes E and F. More detail is also included in the annual report.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters.

STEVE TSHWETE LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
49. Unauthorised expenditure		
Executive & Council	2 928 407	-
Corporate Services	38 577 005	-
Health Services	50 581	-
	41 555 993	-

The above unauthorised expenditure within the votes is as a result of year-end accounting transactions not budgeted for. This unauthorised expenditure will be tabled in a special adjustment budget when the annual report is tabled in accordance with section 23(6) of the Budget and Reporting Regulations. Despite the overspending on the above votes, the total approved expenditure did not overspend.

APPENDIX A
STEVE TSWHETE LOCAL MUNICIPALITY : SHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

EXTERNAL LOANS	Loan No	Redeemable	Balance at 30 June 2012	Interest paid during the period	Received during the period	Redeemed or Written off during the period	Balance at 30 June 2013	Carrying value of Property, plant & equipment	Other Costs in accordance with the MFA
			R		R	R	R	R	R
ANNUITY LOAN									
INCA @ 12.80%	MIDD-00-0003	31/12/2012	2 570 438	165 860		2 570 438	-	6 544 111	
ABSA @ 14.40%	40 5934 1607	24/11/2011	-				-	-	
FNB @ 12.50%	MIDD-00-0004	30/06/2019	20 405 219	2 492 110		1 968 372	18 436 847	18 784 027	
SCMB @ 9.62%	87016-348242	01/09/2015	14 717 223	1 330 614		3 723 488	10 993 735	18 550 588	
INCA @ 9.59%	DEAL 9234	30/06/2022	28 190 198	2 655 878		1 792 219	26 397 978	31 913 440	
INCA @ 9.29%	DEAL 14446	30/06/2023	29 710 653	2 716 711		1 654 853	28 055 800	29 451 669	
INCA @ 9.02%	DEAL 7847	28/06/2024	31 141 112	2 769 036		1 534 095	29 607 018	44 498 921	
TOTAL ANNUITY LOANS			126 734 843	12 130 210	-	13 243 466	113 491 378	149 742 755	-
TOTAL EXTERNAL LOANS			126 734 843	12 130 210	-	13 243 466	113 491 378	149 742 755	-

APPENDIX B
STEVE TSHWETE LOCAL MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS 30 JUNE 2013

	HISTORICAL COST							ACCUMULATED DEPRECIATION							Carrying Value	Budget Additions 2013
	Opening per asset register	Correction of Error	Restated Opening Balance	Additions	Under Construction	Disposals / Transfers	Closing Balance	Opening per asset register	Correction of Error	Restated Opening Balance	Additions	Disposals / Written off	Impairment	Closing Balance		
INFRASTRUCTURE	4 757 108 629	(2 153 882)	4 754 954 747	133 081 578	27 614 358	146 882	4 915 503 798	2 260 441 127	2 153 882	2 258 287 245	107 054 687	146 882	-	2 365 195 056	2 550 308 742	206 147 622
Roads, Pavements, Bridges	1 244 691 933	-	1 244 691 933	64 197 183	63 393	-	1 308 952 508	662 619 001	-	662 619 001	31 048 053	-	-	693 667 055	615 285 453	67 488 153
Storm water	511 236 670	-	511 236 670	15 956 354	-	-	527 193 023	235 548 179	-	235 548 179	11 794 837	-	-	247 343 017	279 850 006	16 625 907
Dams & Reservoirs	497 308 549	-	497 308 549	17 605 318	-	-	514 913 866	203 309 037	-	203 309 037	5 980 199	-	-	209 289 235	305 624 631	-
Water Purification	45 220 029	(687 678)	44 532 351	310 718	105 567	-	44 948 636	29 814 264	687 678	29 126 586	1 479 982	-	-	30 606 568	14 342 068	7 971 825
Water Reticulation	494 206 768	-	494 206 768	4 916 377	2 283 971	-	501 407 116	278 933 717	-	278 933 717	13 098 951	-	-	292 032 669	209 374 447	9 966 776
Transportation	10 479 170	-	10 479 170	-	-	-	10 479 170	3 541 712	-	3 541 712	321 238	-	-	3 862 950	6 616 220	-
Electricity Reticulation	1 019 188 824	-	1 019 188 824	21 938 018	1 936 297	-	1 043 063 139	386 777 423	-	386 777 423	25 966 427	-	-	412 743 851	630 319 288	34 487 298
Sewerage Reticulation	683 279 573	(59 919)	683 219 654	5 575 768	2 204 788	-	691 000 210	334 166 370	59 919	334 106 451	9 303 028	-	-	343 409 481	347 590 729	11 082 471
Sewerage Purification	110 498 018	(1 406 285)	109 091 733	-	19 562 176	-	128 653 909	61 595 872	1 406 285	60 189 587	3 487 171	-	-	63 676 758	64 977 151	50 280 000
Housing	4 708 077	-	4 708 077	-	-	-	4 708 077	2 452 071	-	2 452 071	155 603	-	-	2 607 674	2 100 403	-
Housing Development Fund	6 742 664	-	6 742 664	-	-	-	6 742 664	4 251 727	-	4 251 727	241 168	-	-	4 492 895	2 249 769	-
Street Lighting	79 537 301	-	79 537 301	2 461 826	138 432	-	82 137 559	24 890 160	-	24 890 160	1 786 762	-	-	26 678 922	55 460 637	3 945 000
Waste Management	38 523 172	-	38 523 172	120 016	-	-	38 643 188	25 637 812	-	25 637 812	1 139 578	-	-	26 777 390	11 865 798	700 000
Other (Town Planning & Development)	11 487 881	-	11 487 881	-	1 319 734	146 882	12 660 733	6 903 783	-	6 903 783	1 251 690	146 882	-	8 008 591	4 652 142	3 600 192
COMMUNITY ASSETS	691 791 420	(112 860)	691 678 560	15 129 450	4 288 405	2 595 516	708 500 900	179 272 876	112 860	179 160 016	16 470 017	1 633 582	557 161	194 553 612	513 947 288	24 697 907
Parks & Gardens	218 403 782	-	218 403 782	2 047 690	-	50 246	220 401 226	31 939 996	-	31 939 996	2 805 951	-	-	34 720 759	185 680 467	2 050 000
Sportsfields & Stadia	164 810 198	-	164 810 198	3 603 817	-	211 694	168 202 321	66 574 115	-	66 574 115	3 773 259	189 704	-	70 157 670	98 044 651	3 401 675
Swimming Pools	5 645 953	-	5 645 953	-	-	-	5 645 953	3 834 596	-	3 834 596	283 909	-	-	4 118 504	1 527 449	-
Community Halls	89 167 270	-	89 167 270	3 885 763	4 288 405	1 302 563	96 038 875	7 412 973	-	7 412 973	3 030 450	730 274	215 962	9 929 111	86 109 764	11 545 686
Libraries	13 421 462	-	13 421 462	-	-	-	13 421 462	4 107 330	-	4 107 330	478 377	-	8 849	4 594 556	8 826 906	-
Recreational Facilities	4 115 332	-	4 115 332	319 825	-	2 962	4 432 195	2 208 226	-	2 208 226	137 355	2 962	-	2 342 619	2 089 576	749 544
Fire, Safety & Emergency	12 583 329	-	12 583 329	-	-	-	12 583 329	4 705 852	-	4 705 852	381 888	-	-	5 087 740	7 495 589	-
Security & Policing	43 615 931	(112 860)	43 503 071	3 467 900	-	305 124	46 665 847	23 705 345	112 860	23 592 485	2 526 958	295 399	38 526	25 862 571	20 803 276	5 470 000
Clinics	27 923 582	-	27 923 582	408 169	-	702 193	27 629 558	9 091 715	-	9 091 715	1 351 679	369 320	293 824	10 367 899	17 261 659	81 002
Museums & Art Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	112 104 582	-	112 104 582	1 396 286	-	20 734	113 480 134	25 692 727	-	25 692 727	1 700 190	20 734	-	27 372 184	86 107 950	1 400 000
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HERITAGE ASSETS	396 313	-	396 313	-	-	-	396 313	88 900	-	88 900	-	-	-	88 901	307 412	-
Other	396 313	-	396 313	-	-	-	396 313	88 900	-	88 900	0	-	-	88 901	307 412	-
OTHER ASSETS	3 311 020 844	(329 626 783)	2 981 394 062	24 572 645	20 628 867	14 002 365	3 012 593 209	176 762 851	-	176 762 851	25 745 783	5 131 062	101 996	197 479 567	2 815 113 642	57 530 114
General Vehicles	39 994 247	-	39 994 247	5 284 680	-	466 833	44 812 094	21 958 410	-	21 958 410	3 484 064	318 190	-	25 124 284	19 687 810	7 282 191
Plant & equipment	76 299 234	-	76 299 234	8 324 292	411 668	3 649 422	81 385 772	38 192 174	-	38 192 174	7 572 611	3 647 523	-	42 117 262	39 268 510	12 917 148
Computers - Hardware/Equipment	43 156 755	-	43 156 755	4 899 578	-	59 608	47 996 725	23 701 144	-	23 701 144	5 976 703	46 123	-	29 631 724	18 365 001	4 143 890
Office equipment	17 543 070	-	17 543 070	1 766 189	-	936 545	18 372 714	11 695 940	-	11 695 940	1 892 786	936 551	-	12 652 175	5 720 539	1 240 201
Abattoirs	67 153	-	67 153	-	-	-	67 153	62 684	-	62 684	2 237	-	-	64 922	2 231	-
Civic Land & Buildings	190 622 078	-	190 622 078	1 563 875	8 128 970	122 016	200 192 907	44 687 277	-	44 687 277	5 227 835	39 935	47 921	49 923 098	150 269 809	13 246 796
Other Buildings	62 211 744	-	62 211 744	82 145	11 886 731	299 493	73 881 127	36 465 222	-	36 465 222	1 589 547	142 740	54 075	37 966 104	35 915 023	14 593 336
Other Land	2 881 126 563	(329 626 783)	2 551 499 780	2 651 886	201 498	8 468 447	2 545 884 717	-	-	-	-	-	-	-	2 545 884 717	4 106 552
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SPECIALISED VEHICLES	28 708 444	-	28 708 444	1 775 759	-	-	30 484 203	12 124 829	-	12 124 829	1 401 326	-	-	13 526 155	16 958 048	3 835 000
Refuse	14 100 601	-	14 100 601	1 762 752	-	-	15 863 353	6 937 028	-	6 937 028	805 182	-	-	7 742 210	8 121 143	2 935 000
Fire	14 607 843	-	14 607 843	13 007	-	-	14 620 850	5 187 801	-	5 187 801	596 143	-	-	5 783 945	8 836 905	900 000
LEASED ASSETS	2 718 028	69 820	2 787 848	95 510	-	913 646	1 969 712	1 505 440	6 417	1 499 023	172 753	853 394	-	818 382	1 151 330	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office equipment	1 558 602	69 820	1 628 422	95 510	-	913 646	810 286	1 196 884	6 417	1 190 467	140 524	853 394	-	477 597	332 689	-
Other Buildings	1 159 426	-	1 159 426	-	-	-	1 159 426	308 556	-	308 556	32 229	-	-	340 786	818 640	-
TOTAL	8 791 743 678	(331 823 705)	8 459 919 974	174 654 942	52 531 630	17 658 409	8 669 448 135	2 630 196 023	2 273 159	2 627 922 864	150 844 566	7 764 920	659 157	2 771 661 673	5 897 786 462	292 210 643
INTANGIBLE ASSETS	13 513 993	-	13 513 993	1 045 078	-	10 501	14 548 570	11 742 698	-	11 742 698	818 514	10 501	-	12 550 712	1 997 858	873 480
Software	13 513 993	-	13 513 993	1 045 078	-	10 501	14 548 570	11 742 698	-	11 742 698	818 514	10 501	-	12 550 712	1 997 858	873 480
Servitudes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	8 805 257 671	(331 823 705)	8 473 433 967	175 700 020	52 531 630	17 668 910	8 683 996 705	2 641 938 721	2 273 159	2 639 665 562	151 663 080	7 775 421	659 157	2 784 212 385	5 899 784 320	293 084 123

APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT 30 JUNE 2013

	HISTORICAL COST							ACCUMULATED DEPRECIATION							Carrying Value
	Opening per asset register	Correction of error	Restated Opening Balance	Additions	Under Construction	Disposals/ Transfers	Closing Balance	Opening per asset register	Correction of error	Restated Opening Balance	Additions	Disposals/ Transfers	Impairment	Closing Balance	
EXECUTIVE & COUNCIL	10 498 356	(8 671)	10 489 685	342 647	-	825 957	10 006 374	6 522 683	6 417	6 516 266	1 016 972	769 356	-	6 763 883	3 242 492
Executive & Council	4 059 852	-	4 059 852	84 092	-	28 839	4 115 104	1 862 876	-	1 862 876	484 453	28 839	-	2 318 490	1 796 615
Municipal Manager	6 438 504	(8 671)	6 429 833	258 555	-	797 118	5 891 270	4 659 807	6 417	4 653 390	532 520	740 517	-	4 445 393	1 445 877
BUDGET & TREASURY	6 885 417	-	6 885 417	448 387	-	19 028	7 314 776	4 607 185	-	4 607 185	370 496	19 028	-	4 958 653	2 356 124
Budget & Treasury	6 885 417	-	6 885 417	448 387	-	19 028	7 314 776	4 607 185	-	4 607 185	370 496	19 028	-	4 958 653	2 356 124
CORPORATE SERVICES	1 265 369 711	(282 085 426)	983 284 285	9 691 550	19 598 265	10 105 038	1 002 469 062	111 144 027	-	111 144 027	15 407 073	1 344 264	139 946	125 346 783	877 122 277
Human Resources	1 303 632	-	1 303 632	101 938	-	48 417	1 357 153	830 215	-	830 215	169 000	48 417	-	950 797	406 356
Information Technology	30 399 194	-	30 399 194	3 930 413	-	29 851	34 299 756	17 924 390	-	17 924 390	4 073 402	16 366	-	21 981 426	12 318 329
Property Services	1 201 914 963	(282 085 426)	919 829 538	2 247 059	19 598 265	9 394 831	932 280 031	76 572 908	-	76 572 908	7 827 395	687 332	139 946	83 852 917	848 427 113
Other & Admin	31 751 921	-	31 751 921	3 412 140	-	631 939	34 532 122	15 816 515	-	15 816 515	3 337 277	592 148	-	18 561 643	15 970 479
PLANNING & DEVELOPMENT	13 532 039	-	13 532 039	2 611 815	1 273 769	7 280	17 410 343	6 303 879	-	6 303 879	1 311 753	7 280	-	7 608 353	9 801 990
IDP & LED	2 480 376	-	2 480 376	1 599	-	-	2 481 975	740 665	-	740 665	109 337	-	-	850 002	1 631 973
Planning & Development	11 051 663	-	11 051 663	2 610 216	1 273 769	7 280	14 928 368	5 563 214	-	5 563 214	1 202 417	7 280	-	6 758 351	8 170 017
HEALTH	37 818 147	78 491	37 896 638	790 450	-	829 726	37 857 362	12 957 213	-	12 957 213	1 939 540	496 853	293 824	14 693 723	23 163 639
Clinics	36 958 466	-	36 958 466	790 450	-	771 181	36 977 735	12 417 188	-	12 417 188	1 855 369	438 308	293 824	14 128 073	22 849 662
Health Other	859 681	78 491	938 172	-	-	58 545	879 627	540 025	-	540 025	84 170	58 545	-	565 650	313 977
COMMUNITY & SOCIAL SERVICES	261 628 963	-	261 628 963	9 548 733	4 288 405	1 889 570	273 576 531	58 929 279	-	58 929 279	7 537 146	1 315 546	225 387	65 376 267	208 200 264
Libraries & Archives	20 367 004	-	20 367 004	614 614	-	224 620	20 756 999	8 202 279	-	8 202 279	1 281 111	222 884	-	9 260 505	11 496 493
Events & Facilities	106 296 219	-	106 296 219	6 481 787	4 288 405	1 318 648	115 747 763	8 527 727	-	8 527 727	3 901 028	746 359	225 387	11 907 783	103 839 980
Cemeteries & Crematoriums	108 643 216	-	108 643 216	2 414 108	-	346 302	110 711 022	27 543 872	-	27 543 872	1 762 621	346 302	-	28 960 192	81 750 829
Aged Care	26 322 524	-	26 322 524	-	-	-	26 322 524	14 655 401	-	14 655 401	589 792	-	-	15 245 193	11 077 331
Other Social	-	-	-	38 224	-	-	38 224	-	-	-	2 593	-	-	2 593	35 631
HUMAN SETTLEMENT	14 545 019	-	14 545 019	317 536	-	201 664	14 660 891	7 964 186	-	7 964 186	468 658	201 664	-	8 231 179	6 429 712
Human Settlement	14 545 019	-	14 545 019	317 536	-	201 664	14 660 891	7 964 186	-	7 964 186	468 658	201 664	-	8 231 179	6 429 712
PUBLIC SAFETY	133 870 165	-	133 870 165	8 709 048	201 825	447 176	142 333 862	47 790 641	-	47 790 641	5 667 093	445 296	-	53 012 439	89 321 422
Traffic	16 340 783	-	16 340 783	2 957 047	63 393	197 960	19 163 263	6 898 290	-	6 898 290	1 325 730	196 080	-	8 027 939	11 135 324
Emergency Services	39 327 690	-	39 327 690	2 941 695	-	249 216	42 020 170	16 040 982	-	16 040 982	2 596 973	249 216	-	18 388 740	23 631 429
Street Lighting	78 201 691	-	78 201 691	2 810 306	138 432	-	81 150 429	24 851 369	-	24 851 369	1 744 390	-	-	26 595 760	54 554 669
SPORT & RECREATION	951 836 378	(43 740 838)	908 095 540	8 835 976	-	896 975	916 034 541	122 237 828	112 860	122 124 968	9 284 090	808 577	-	130 600 481	785 434 059
Sport & Recreation	951 836 378	(43 740 838)	908 095 540	8 835 976	-	896 975	916 034 541	122 237 828	112 860	122 124 968	9 284 090	808 577	-	130 600 481	785 434 059
WASTE MANAGEMENT	68 318 985	-	68 318 985	4 618 282	45 965	160 919	72 822 313	39 684 323	-	39 684 323	3 199 263	160 919	-	42 722 667	30 099 646
Solid Waste	68 318 985	-	68 318 985	4 618 282	45 965	160 919	72 822 313	39 684 323	-	39 684 323	3 199 263	160 919	-	42 722 667	30 099 646
WASTE WATER MANAGEMENT	825 349 407	(1 466 204)	823 883 204	6 025 312	22 101 125	160 316	851 849 325	398 155 820	1 466 205	396 689 615	13 065 727	160 322	-	409 595 020	442 254 303
Sanitation	823 045 869	(1 466 204)	821 579 666	5 690 283	22 101 125	160 316	849 210 758	397 780 045	1 466 205	396 313 840	12 989 571	160 322	-	409 143 089	440 067 668
Public Toilets	2 303 538	-	2 303 538	335 029	-	-	2 638 567	375 775	-	375 775	76 156	-	-	451 931	2 186 635
ROAD TRANSPORT	3 225 614 818	(2 082 860)	3 223 531 958	80 323 385	618 934	472 499	3 304 001 778	1 020 620 623	-	1 020 620 623	48 513 254	472 417	-	1 068 661 460	2 235 340 318
Vehicle Licensing & Testing	11 013 618	-	11 013 618	185 846	-	159 451	11 040 013	3 893 232	-	3 893 232	592 330	159 369	-	4 326 193	6 713 820
Roads & Stormwater	3 189 714 443	(1 950 517)	3 187 763 926	79 785 231	618 934	313 048	3 267 855 043	1 013 053 484	-	1 013 053 484	47 506 494	313 048	-	1 060 246 930	2 207 608 112
Roads Other	24 886 758	(132 343)	24 754 415	352 308	-	-	25 106 723	3 673 907	-	3 673 907	414 430	-	-	4 088 337	21 018 386
WATER	1 179 125 700	(991 758)	1 178 133 942	21 517 262	2 467 045	182 999	1 201 935 250	520 643 860	687 678	519 956 182	21 103 912	182 999	-	540 877 093	661 058 156
Water Distribution	484 086 838	-	484 086 838	3 699 304	2 321 184	106 150	490 001 176	269 951 509	-	269 951 509	12 681 133	106 150	-	282 526 491	207 474 684
Water Storage	695 038 862	(991 758)	694 047 104	17 817 958	145 861	76 849	711 934 074	250 692 351	687 678	250 004 673	8 422 779	76 849	-	258 350 602	453 583 472
ELECTRICITY	810 864 566	(1 526 439)	809 338 128	21 919 637	1 936 297	1 469 763	831 724 299	284 377 174	-	284 377 175	22 778 107	1 390 900	-	305 764 381	525 959 917
Electricity Distribution	810 864 566	(1 526 439)	809 338 128	21 919 637	1 936 297	1 469 763	831 724 299	284 377 174	-	284 377 175	22 778 107	1 390 900	-	305 764 381	525 959 917
TOTAL	8 805 257 671	(331 823 705)	8 473 433 967	175 700 020	52 531 630	17 668 910	8 683 996 705	2 641 938 721	2 273 159	2 639 665 564	151 663 080	7 775 421	659 157	2 784 212 385	5 899 784 320

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

2012	2012	2012		2013	2013	2013	2013	2013	2013	2013	2013	2013
Actual	Actual	Actual		Adj Budgeted	Actual	Difference	Budgeted	Adj Budgeted	Actual	Difference	Actual	Budgeted
income	expenditure	Surplus/ (Deficit)		income	income	income	Adj Budgeted	expenditure	expenditure	expenditure	Surplus/ (Deficit)	Surplus (Deficit)
R	R	R		R	R	R	R	R	R	R	R	R
38 909 280	60 376 048	(21 466 768)	<u>Executive & Council</u>	40 463 720	40 692 081	-228 361	63 965 612	64 008 961	67 015 021	-3 006 060	-26 322 939	-23 545 241
38 904 280	33 440 544	5 463 736	Executive & Council	40 463 620	40 692 045	(228 425)	32 264 885	32 735 409	36 578 722	(3 843 313)	4 113 324	7 728 211
5 000	26 935 504	(26 930 504)	Municipal Manager	100	36	64	31 700 727	31 273 552	30 436 299	837 253	(30 436 263)	(31 273 452)
229 233 879	41 994 049	187 239 830	<u>Budget & Treasury</u>	263 216 743	262 258 069	958 674	47 054 269	48 213 094	46 348 714	1 864 380	215 909 355	215 003 649
229 233 879	41 994 049	187 239 830	Budget & Treasury	263 216 743	262 258 069	958 674	47 054 269	48 213 094	46 348 714	1 864 380	215 909 355	215 003 649
75 806 677	89 703 137	(13 896 461)	<u>Corporate Services</u>	53 178 030	63 300 092	-10 122 062	88 879 824	90 435 680	137 359 534	-46 923 854	-74 059 443	-37 257 650
1 377 306	8 318 822	(6 941 516)	Human Resources	1 200 000	1 374 868	-174 868	10 298 449	10 156 050	9 072 579	1 083 471	(7 697 711)	(8 956 050)
7 956	9 762 842	(9 754 886)	Information Technology	22 310	30 708	-8 398	13 144 897	12 867 489	11 180 958	1 686 531	(11 150 250)	(12 845 179)
66 905 849	35 654 472	31 251 377	Property Services	43 272 567	54 005 191	-10 732 624	25 411 551	26 071 059	76 843 398	-50 772 339	(22 838 207)	17 201 508
7 515 565	35 967 001	(28 451 436)	Other Admin	8 683 153	7 889 325	793 828	40 024 927	41 341 082	40 262 599	1 078 483	(32 373 275)	(32 657 929)
2 485 316	9 237 656	(6 752 340)	<u>Planning & Development</u>	3 483 602	2 452 225	1 031 377	12 523 318	12 585 083	10 829 523	1 755 560	(8 377 297)	(9 101 481)
-	2 089 814	(2 089 814)	IDP/LED	-	325 517	(325 517)	3 295 203	3 021 595	2 646 700	374 895	(2 321 183)	(3 021 595)
2 485 316	7 147 842	(4 662 526)	Town Planning	3 483 602	2 126 708	1 356 894	9 228 115	9 563 488	8 182 823	1 380 665	(6 056 114)	(6 079 886)
2 690 879	21 118 403	(18 427 524)	<u>Health</u>	2 569 073	2 683 479	-114 406	23 426 894	23 315 026	23 409 159	-94 133	(20 725 681)	(20 745 953)
2 510 105	16 507 574	(13 997 469)	Clinics	2 400 000	2 400 000	-	18 351 472	18 456 672	18 669 769	-213 097	(16 269 769)	(16 056 672)
180 774	4 610 829	(4 430 055)	Health Other	169 073	283 479	-114 406	5 075 422	4 858 354	4 739 391	118 963	(4 455 912)	(4 689 281)
10 833 112	20 969 009	(10 135 897)	<u>Community Services</u>	5 412 896	5 465 768	-52 872	25 032 433	24 662 685	25 757 690	-1 095 005	(20 291 921)	(19 249 789)
470 687	8 496 291	(8 025 605)	Libraries	130 200	137 798	-7 598	9 140 721	9 219 105	9 037 468	181 637	(8 899 670)	(9 088 905)
7 605 182	5 237 872	2 367 310	Community Halls & Facilities	3 414 686	3 445 650	-30 964	6 706 287	6 429 006	8 778 289	-2 349 283	(5 332 639)	(3 014 320)
2 485 739	4 426 933	(1 941 194)	Cemeteries	1 580 000	1 602 706	-22 706	5 347 090	5 192 470	4 504 915	687 555	(2 902 209)	(3 612 470)
271 504	922 881	(651 377)	Aged Care	288 010	279 615	8 395	889 200	889 200	896 087	-6 887	(616 473)	(601 190)
-	1 885 031	(1 885 031)	Other Social	-	-	-	2 949 135	2 932 904	2 540 930	391 974	(2 540 930)	(2 932 904)
176 067	7 629 884	(7 453 818)	<u>Housing</u>	2 174 016	3 285 540	-1 111 524	9 244 893	9 733 564	8 463 598	1 269 966	(5 178 058)	(7 559 548)
176 067	7 629 884	(7 453 818)	Housing	2 174 016	3 285 540	-1 111 524	9 244 893	9 733 564	8 463 598	1 269 966	(5 178 058)	(7 559 548)
6 911 920	53 853 404	(46 941 484)	<u>Public Safety</u>	7 844 004	8 175 826	-331 822	58 451 497	60 934 715	61 339 640	-404 925	(53 163 814)	(53 090 711)
1 525 334	26 067 993	(24 542 659)	Fire Services	1 732 334	1 743 185	-10 851	27 962 768	28 865 296	29 686 083	-820 787	(27 942 898)	(27 132 962)
5 367 386	22 899 084	(17 531 698)	Traffic	5 311 670	5 622 256	-310 586	25 797 287	26 675 967	26 810 246	-134 279	(21 187 990)	(21 364 297)
19 200	4 886 327	(4 867 127)	Street Lighting	800 000	810 385	-10 385	4 691 442	5 393 452	4 843 311	550 141	(4 032 926)	(4 593 452)
8 904 179	38 755 325	(29 851 145)	<u>Parks & Recreation</u>	4 809 715	4 728 057	81 658	46 334 535	46 324 022	43 587 045	2 736 977	(38 858 988)	(41 514 307)
8 904 179	38 755 325	(29 851 145)	Parks & Recreation	4 809 715	4 728 057	81 658	46 334 535	46 324 022	43 587 045	2 736 977	(38 858 988)	(41 514 307)

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

2012	2012	2012		2013	2013	2013	2013	2013	2013	2013	2013	2013
Actual income R	Actual expenditure R	Actual Surplus/(Deficit) R		Adj Budgeted income R	Actual income R	Difference income R	Budgeted expenditure R	Adj Budgeted expenditure R	Actual expenditure R	Actual income R	Actual Surplus/(Deficit) R	2013 Budgeted Surplus (Deficit) R
78 573 672	50 270 463	28 303 209	Waste Water Management	71 991 592	72 336 646	-345 054	61 480 121	61 525 115	57 193 861	4 331 254	15 142 786	10 466 477
78 573 672	48 509 034	30 064 638	Sewerage	71 991 592	72 336 646	-345 054	59 499 650	59 623 999	55 346 384	4 277 615	16 990 262	12 367 593
-	1 761 429	(1 761 429)	Public Toilets	-	-	-	1 980 471	1 901 116	1 847 476	53 640	(1 847 476)	(1 901 116)
57 714 551	54 984 218	2 730 333	Waste Management	66 290 881	66 934 171	-643 290	63 899 651	65 536 557	64 106 377	1 430 180	2 827 794	754 324
57 714 551	54 984 218	2 730 333	Refuse Removal	66 290 881	66 934 171	-643 290	63 899 651	65 536 557	64 106 377	1 430 180	2 827 794	754 324
45 519 810	91 467 197	(45 947 387)	Road Transport	46 431 974	49 601 886	-3 169 912	106 037 305	105 568 364	80 973 019	24 595 345	(31 371 132)	(59 136 390)
26 391 521	78 496 462	(52 104 940)	Roads	29 032 500	30 631 574	-1 599 074	90 468 819	90 030 610	66 271 288	23 759 322	(35 639 714)	(60 998 110)
16 564 262	11 212 203	5 352 059	Vehicle Licenses	16 892 178	18 588 605	-1 696 427	13 545 821	13 614 193	12 842 797	771 396	5 745 807	3 277 985
2 564 026	1 758 532	805 494	Transport Other	507 296	381 708	125 588	2 022 665	1 923 561	1 858 934	64 627	(1 477 225)	(1 416 265)
61 410 363	54 322 793	7 087 570	Water	83 431 184	81 590 576	1 840 608	63 082 400	62 785 652	57 666 437	5 119 215	23 924 140	20 645 532
61 198 449	35 834 452	25 363 998	Water Distribution	65 831 184	64 143 161	1 688 023	40 116 345	39 895 230	39 974 329	-79 099	24 168 832	25 935 954
211 914	18 488 341	(18 276 428)	Water Purification	17 600 000	17 447 415	152 585	22 966 055	22 890 422	17 692 108	5 198 314	(244 692)	(5 290 422)
364 258 160	318 922 678	45 335 482	Electricity	404 342 085	419 587 017	-15 244 932	369 127 614	378 152 552	364 876 866	13 275 686	54 710 151	26 189 533
364 258 160	318 922 678	45 335 482	Electricity Distribution	404 342 085	419 587 017	-15 244 932	369 127 614	378 152 552	364 876 866	13 275 686	54 710 151	26 189 533
-	-	-	Street Lighting	-	-	-	-	-	-	-	-	-
983 427 865	913 604 264	69 823 601	SUB TOTAL	1 055 639 516	1 083 091 433	-27 451 917	1 038 540 367	1 053 781 071	1 048 926 484	4 854 587	34 164 954	1 858 445
(137 643 824)	(137 643 824)	-	Less: Inter-Departemental Charges	(133 530 536)	(129 103 646)	(4 426 890)	(125 068 617)	(133 530 536)	(129 103 646)	(4 426 890)	-	-
845 784 041	775 960 440	69 823 601	TOTAL	922 108 980	953 987 787	-31 878 807	913 471 750	920 250 535	919 822 838	427 697	34 164 949	1 858 445

APPENDIX E
UNAUDITED ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2013

	Original Budget 2013	Budget Adjustments 2013	Final Budget 2013	Actual Outcome 2013	Variance 2013	Actual Outcome as % of Final Budget 2013	Explanations of Significant Variances greater than 10% versus Budget
REVENUE	R	R	R	R	R	%	
Property Rates	227 419 223	2 921 416	230 340 639	230 303 644	(36 995)	(0.02)	
Service charges: Electricity	381 370 007	7 478 979	388 848 986	393 197 587	4 348 601	1.12	
Refuse Removal	50 445 282	851 294	51 296 576	51 526 257	229 681	0.45	
Sewerage	51 279 780	1 600 075	52 879 855	53 853 246	973 391	1.84	
Water	57 789 856	820 274	58 610 130	56 617 772	(1 992 358)	(3.40)	
Rental of facilities and equipment	13 447 674	265 224	13 712 898	14 355 983	643 085	4.69	
Interest earned - external investments	26 300 000	(4 600 000)	21 700 000	20 894 052	(805 948)	(3.71)	
Interest earned - outstanding debtors	1 844 065	(10 125)	1 833 940	1 803 908	(30 032)	(1.64)	
Fines	5 355 000	(105 000)	5 250 000	5 437 808	187 808	3.58	
 Licences and permits	6 268 300	364 000	6 632 300	7 274 597	642 297	9.68	
Revenue for agency services	9 381 040	862 160	10 243 200	11 309 434	1 066 234	10.41	Higher license fees resulting that agency service income increased
Government grants and subsidies - Operating	93 020 080	890 182	93 910 262	91 380 079	(2 530 183)	(2.69)	
Other revenue	42 701 801	(2 794 420)	39 907 381	67 224 177	27 316 796	68.45	Higher income was received for main service contributions as a result of development in town, as well as the income from sale of erven.
Gain on disposal of property, plant and equipment	480 000	-	480 000	57 740	(422 260)	(87.97)	The annual auction did not take place and the only income received was for vehicles and equipment written off by the insurers.
Total Revenue	967 102 108	8 544 059	975 646 167	1 005 236 284	29 590 117	3.03	
EXPENDITURE							
Employee related costs	292 699 149	(1 431 658)	291 267 491	289 071 177	(2 196 314)	(0.75)	
Remuneration of Councillors	15 819 272	(410 973)	15 408 299	15 502 253	93 954	0.61	
Bad debts	5 195 070	-	5 195 070	6 209 251	1 014 181	19.52	More bad debts realised than expected, which had to be written off
Collection costs	557 500	(330 280)	227 220	229 298	2 078	0.91	
Depreciation	177 646 047	-	177 646 047	152 322 237	(25 323 810)	(14.26)	Due to the review of usefull lives of all assets, asset lives were extended resulting in depreciation cost to be less.
Repairs and maintenance	48 551 415	7 509 656	56 061 071	51 431 252	(4 629 819)	(8.26)	
Interest on external borrowings	26 960 470	(4 695 770)	22 264 700	12 170 011	(10 094 689)	(45.34)	Less interest paid on external loans as no new facility was taken up as originally plannned.
Bulk purchases: Electricity	280 991 276	6 699 084	287 690 360	279 936 422	(7 753 938)	(2.70)	
Water	8 992 000	(524 000)	8 468 000	8 798 662	330 662	3.90	
Contracted services	23 872 210	733 913	24 606 123	22 696 084	(1 910 039)	(7.76)	
Grants and subsidies paid	50 870 485	88 597	50 959 082	49 878 154	(1 080 928)	(2.12)	
General expenses	104 742 422	7 602 135	112 344 557	150 089 131	37 744 574	33.60	The high fuel increases led to higher expenditure, and imperments were done on land inventory which were not
Loss on disposal of property, plant and equipment	-	-	-	9 734 724	9 734 724	(100.00)	Losses realised on assets which were written off due to riots at Kwazamokuhle and on land which were sold at prices which were less than the bookvalue.

APPENDIX E
UNAUDITED ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2013

	Original Budget 2013	Budget Adjustments 2013	Final Budget 2013	Actual Outcome 2013	Variance 2013	Actual Outcome as % of Final Budget 2013	Explanations of Significant Variances greater than 10% versus Budget
	R	R	R	R	R	%	
Contributions to/(transfers from) provisions	1 643 050	-	1 643 050	857 828	(785 222)	(47.79)	The provision for employee stated benefits were reduced in accordance with the actuarial report and on the rehabilitation of the landfill site
Total Expenditure	1 038 540 366	15 240 704	1 053 781 070	1 048 926 484	(4 854 586)	(0.46)	
SURPLUS/(DEFICIT) FOR THE YEAR	(71 438 258)	(6 696 645)	(78 134 903)	(43 690 200)	34 444 703	(44.08)	
Transfers Recognised - Capital	49 196 000	5 863 459	55 059 459	50 559 717	(4 499 742)	(8.17)	
Contributions Recognised - Capital & Contributed assets	23 420 000	1 513 889	24 933 889	27 295 431	2 361 542	9.47	
Surplus/(Deficit) after capital transfers & contributions	1 177 742	680 703	1 858 445	34 164 948	32 306 503		
Share of surplus/(deficit) of associate							
NET SURPLUS/(DEFICIT) FOR THE	1 177 742	680 703	1 858 445	34 164 948	32 306 503		

APPENDIX F
UNAUDITED ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2013

	Original Budget 2013	Budget Adjustments 2013	Final Adjusted Budget 2013	Actual Outcome 2013	Variance 2013	Actual Outcome as % of Original Budget 2013	Actual Outcome as % of Final Budget 2013	Explanations of Significant Variances greater than 10% versus Budget
	R	R	R	R	R	%	%	
EXECUTIVE & COUNCIL	416 000	(3 200)	412 800	335 147	(77 653)	(19.44)	(18.81)	
Executive & Council	110 000	-	110 000	76 592	(33 408)	(30.37)	(30.37)	Savings realised on the purchase of furniture
Municipal Manager	306 000	(3 200)	302 800	258 555	(44 245)	(15.50)	(14.61)	Savings realised on the purchase of furniture
BUDGET & TREASURY	280 000	182 898	462 898	447 171	(15 727)	59.70	(3.40)	
Budget & Treasury	280 000	182 898	462 898	447 171	(15 727)	59.70	(3.40)	
#REF!								
CORPORATE SERVICES	26 182 000	11 463 415	37 645 415	29 298 566	(8 346 849)	11.90	(22.17)	
Human Resources	105 000	7 530	112 530	101 938	(10 592)	(2.92)	(9.41)	
Information Technology	3 161 000	1 099 075	4 260 075	3 937 948	(322 127)	24.58	(7.56)	
								The purchase of the Nashua building happened at the end of the financial year and was less than originally budgeted for the extension of the civic centre. The remainder of the budget will be rolled over. The upgrading of the access control at the civic centre did not realise and the expansion of the community node C is not finalised.
Property Services	19 830 000	9 353 515	29 183 515	21 845 324	(7 338 191)	10.16	(25.14)	Savings realised on the purchase vehicles and the new financial server was not purchased.
Other & Admin	3 086 000	1 003 295	4 089 295	3 413 356	(675 939)	10.61	(16.53)	
PLANNING & DEVELOPMENT	1 565 000	6 715 258	8 280 258	3 885 584	(4 394 674)	148.28	(53.07)	
IDP & LED	50 000	(48 385)	1 615	1 599	(16)	-	-	
								The township development for Rockdale North, Newtown and Industrial Park are not completed. The NDPG funding was not approved as roll over projects for Node D Light Industrial and Retail Node R.
Town Planning	1 515 000	6 763 643	8 278 643	3 883 985	(4 394 658)	156.37	(53.08)	
#REF!								
HEALTH	753 000	81 002	834 002	790 450	(43 552)	4.97	(5.22)	
Clinics	753 000	81 002	834 002	790 450	(43 552)	4.97	(5.22)	
Health Other	-	-	-	-	-	-	-	
COMMUNITY & SOCIAL SERVICES	6 690 000	9 213 748	15 903 748	13 837 102	(2 066 646)	106.83	(12.99)	
Libraries & Archives	640 000	-	640 000	614 614	(25 386)	(3.97)	(3.97)	
Events & Facilities	3 550 000	9 213 748	12 763 748	10 770 156	(1 993 592)	203.38	(15.62)	Less expenditure were incurred at the banquet hall
Cemeteries & Crematoriums	2 450 000	-	2 450 000	2 414 108	(35 892)	(1.46)	(1.46)	
Aged Care	-	-	-	-	-	-	-	
Other Social	50 000	-	50 000	38 224	(11 776)	-	(23.55)	Savings realised on the purchase of furniture
HUMAN SETTLEMENT	140 000	800 000	940 000	317 536	(622 464)	126.81	(66.22)	
Human Settlement	140 000	800 000	940 000	317 536	(622 464)	126.81	(66.22)	There was a delay in the project due to the slow implementation of the business plan of the MACEF grant.

APPENDIX F
UNAUDITED ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2013

	Original Budget 2013	Budget Adjustments 2013	Final Adjusted Budget 2013	Actual Outcome 2013	Variance 2013	Actual Outcome as % of Original Budget 2013	Actual Outcome as % of Final Budget 2013	Explanations of Significant Variances greater than 10% versus Budget
	R	R	R	R	R	%	%	
PUBLIC SAFETY	7 962 000	1 799 516	9 761 516	8 910 374	(851 142)	11.91	(8.72)	
Traffic	3 700 000	549 516	4 249 516	3 020 440	(1 229 076)	(18.37)	(28.92)	The establishment of the pound did not realise A donation of a fire engine were received from Nkangala District Council The projects streetlights Node D Light Industry and streetlights for Aerorand are not completed.
Fire	1 117 000	450 000	1 567 000	2 941 196	1 374 196	163.31	87.70	
Street Lighting	3 145 000	800 000	3 945 000	2 948 738	(996 262)	(6.24)	(25.25)	
				#REF!				
SPORT & RECREATION	8 455 000	633 317	9 088 317	8 836 475	(251 842)	4.51	(2.77)	
Sport & Recreation	8 455 000	633 317	9 088 317	8 836 475	(251 842)	4.51	(2.77)	
WASTE MANAGEMENT	5 925 000	1 618 757	7 543 757	4 664 247	(2 879 510)	(21.28)	(38.17)	
Solid Waste	5 925 000	1 618 757	7 543 757	4 664 247	(2 879 510)	(21.28)	(38.17)	The purchase of a minibus and truck did not realise and a saving realised on the compactor.
WASTE WATER MANAGEMENT	29 240 000	34 535 471	63 775 471	28 133 725	(35 641 746)	(3.78)	(55.89)	
Sanitation	28 890 000	34 535 471	63 425 471	27 798 696	(35 626 775)	(3.78)	(56.17)	The application for the water use license and the upgrading of the Boskrans sewer plant are not completed.
Public Toilets	350 000	-	350 000	335 029	(14 971)	-	(4.28)	
ROAD TRANSPORT	71 086 000	11 919 107	83 005 107	80 951 428	(2 053 679)	13.88	(2.47)	
Vehicle Licensing & Testing	190 000	-	190 000	185 846	(4 154)	(2.19)	(2.19)	
Roads & Stormwater	70 896 000	11 447 811	82 343 811	80 413 274	(1 930 537)	13.42	(2.34)	
Roads Other	-	471 296	471 296	352 308	(118 988)	-	-	
WATER	9 155 000	9 338 133	18 493 133	23 967 911	5 474 778	161.80	29.60	
Water Distribution	8 310 000	1 056 776	9 366 776	5 675 713	(3 691 063)	(31.70)	(39.41)	There was a slow progress in the implementation of the replacement of water pipes in Middelbur and Mhluzi. The bulk water network for Rockdale, new network for Industrial parks and Hendrina ext 3 are not completed. Nkangala donated the project for the water storage and network for Rockdale
Water Storage	845 000	8 281 357	9 126 357	18 292 198	9 165 841	2 064.76	100.43	
ELECTRICITY	27 840 000	9 097 701	36 937 701	23 855 934	(13 081 767)	(14.31)	(35.42)	
Electricity Distribution	27 840 000	9 097 701	36 937 701	23 855 934	(13 081 767)	(14.31)	(35.42)	The projects for the electrification or Rockdale and Aerorand West are not completed and the Quantum bus and cable car were not purchased.
TOTAL	195 689 000	97 395 123	293 084 123	228 231 650	(64 852 473)	16.63	(22.13)	
CAPITAL EXPENDITURE & FUNDS SOURCES								
Capital Expenditure								
Transfers Recognised - Capital	50 176 000	4 883 459	55 059 459	76 957 859	21 898 400	53.38	39.77	
Public Contributions & Donations	-	-	-	7 500	7 500	-	-	
Borrowing	59 040 000	64 849 692	123 889 692	73 249 124	(50 640 568)	24.07	(40.88)	
Internally Generated Funds	86 473 000	27 661 972	114 134 972	78 017 167	(36 117 805)	(9.78)	(31.64)	
Total Sources of Capital funds	195 689 000	97 395 123	293 084 123	228 231 650	(64 852 473)	16.63	(22.13)	

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
July 2012			
Finance	Porta Verspreiders	34 249.85	Sec 42(1)(a)(i) - emergency
Finance	Mayivuthe contractor	212 040.00	Sec 42(1)(a)(i) - emergency
Finance	MPS Powerlines	214 776.00	Sec 42(1)(a)(i) - emergency
Technical	Mayivuthe contractor	120 270.00	Sec 42(1)(a)(i) - emergency
Public	Auto and Diesel	12 140.65	Sec 42(1)(a)(i) - emergency
Public	Hi-Tech Auto Repairs	2 428.20	Sec 42(1)(a)(i) - emergency
Technical	Middelburg Truck	32 722.55	Sec 42(1)(a)(i) - emergency
Technical	Vero Test	8 390.00	Sec 42(1)(a)(i) - emergency
Technical	Vero Test	6 540.18	Sec 42(1)(a)(i) - emergency
Technical	Going places	184 500.00	Sec 42(1)(a)(i) - emergency
Technical	Rheochem	113 900.00	Sec 42(1)(a)(i) - emergency
Technical	ABB South Africa	29 466.72	Sec 42(1)(a)(i) - emergency
Public	Spare 4 Truck and Trailer	12 233.63	Sec 42(1)(a)(i) - emergency
Technical	Fakkel Armature	71 506.01	Sec 42(1)(a)(i) - emergency
Coporate	Government printing Works	4 863.00	Sec 42(1)(a)(i) - emergency
Public	Magna BC Business	143 927.28	Sec 42(1)(a)(ii) - Single provider
Technical	Bell Equipment	17 278.63	Sec 42(1)(a)(ii) - Single provider

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Public	IVECO	1 654.14	Sec 42(1)(a)(ii) - Single provider
Technical	Sollys Middelburg	3 670.12	Sec 42(1)(a)(ii) - Single provider
Finance	Nashua Mpumalanga	2 561.44	Sec 42(1)(a)(ii) - Single provider
Technical	Bell Equipment	15 668.62	Sec 42(1)(a)(ii) - Single provider
Public	Instrumentation for Law enforcement	4 652.80	Sec 42 (1)(a)(ii) - Single provider
Public	Instrumentation for Law enforcement	12 236.50	Sec 42(1)(a)(ii) - Single provider
Finance	CQS	8 768.88	Sec 42 (1)(a)(ii) - Single provider
MM Office	GMFM	60 000.00	Sec 42 (1)(a)(ii) - Single provider
Technical	New Holland	9 032.07	Sec 42(1)(a)(ii) - Single provider
Public	Vizi Light	1 750.00	Sec 42(1)(a)(v)- Exceptional case
Technical	Mayivuthe contractor	177 702.06	Sec 42(1)(a)(v)- Exceptional case
Public	Mechanibike	19 830.45	Sec 42(1)(a)(v)- Exceptional case
Public	Sollys Middelburg	11 321.61	Sec 42(1)(a)(v)- Exceptional case
Coprorate	F & W Mpumalanga	2 000.00	Sec 42(1)(a)(v)- Exceptional case
Coprorate	Sollys Middelburg	2 519.87	Sec 42(1)(a)(v)- Exceptional case
Coprorate	MP Tyres	9 390.21	Sec 42(1)(a)(v)- Exceptional case
Public	Vizi Light	4 172.40	Sec 42(1)(a)(v)- Exceptional case

August 2012			
--------------------	--	--	--

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Finance	Porta Plant	519 988.80	Sec 42(1)(a)(i) - emergency
Technical	Talisman	2 520.00	Sec 42(1)(a)(i) - emergency
Technical	Talisman	742.40	Sec 42(1)(a)(i) - emergency
Technical	Procol	565.00	Sec 42(1)(a)(i) - emergency
Technical	Viva Engineering	85 942.66	Sec 42(1)(a)(i) - emergency
Technical	T V Electric	34 300.13	Sec 42(1)(a)(i) - emergency
Technical	Sterling Plastic	159 855.91	Sec42(1)(a)(i) - emergency
Technical	Viva Engineering	23 568.18	Sec 42(1)(a)(i) - emergency
Technical	Strike Technologies	50 322.84	Sec 42(1)(a)(i) - emergency
Technical	MP Dumo	21 514.08	Sec 42(1)(a)(i) - emergency
Technical	MP B-Civil	31 777.50	Sec 42(1)(a)(i) - emergency
Technical	Quickstep Ready Mix	6 703.20	Sec 42(1)(a)(i) - emergency
Technical	Quickstep Ready Mix	2 378.05	Sec 42(1)(a)(i) - emergency
Technical	Power Pump	34 055.22	Sec42(1)(a)(i) - emergency
Technical	Fakkel Amature	10 150.00	Sec 42(1)(a)(i) - emergency
Technical	Matlapeng Mahuma	12 790.80	Sec 42(1)(a)(i) - emergency
Technical	CMG Solutions	7 941.63	Sec 42(1)(a)(i) - emergency
Technical	Sterling Plastic	10 196.98	Sec 42(1)(a)(i) - emergency

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Technical	Kgapo electrical	24 657.06	Sec 42(1)(a)(i) - emergency
Technical	Power Pump Engineering	27 143.40	Sec 42(1)(a)(i) - emergency
Public	Van Wettens	2 918.97	Sec 42(1)(a)(i) - emergency
Technical	Kgapo electrical	38 259.00	Sec 42(1)(a)(i) - emergency
Finance	Porta Plant	343 834.00	Sec 42(1)(a)(i) - emergency
Public	Hermocue	9 072.65	Sec 42(1)(a)(i) - emergency
Public	Alco-Safe	4 785.00	Sec 42(1)(a)(ii) - Single provider
Public	Hermocue	9 072.65	Sec 42(1)(a)(ii) - Single provider
MM OFFICE	GMFM	27 600.00	Sec 42(1)(a)(ii) - Single provider
Finance	Xlink communications	2 981.10	Sec 42(1)(a)(ii) - Single provider
Public	Technilamp	53 306.40	Sec 42(1)(a)(ii) - Single provider
Public	Instrumentation TraFFIC	5 472.00	Sec 42(1)(a)(ii) - Single provider
Public	Technilamp	46 643.10	Sec 42(1)(a)(ii) - Single provider
Public	Magna BC	9 462.00	Sec 42 (1)(a)(ii) - Single provider
Public	Technilamp	33 316.50	Sec 42(1)(a)(ii) - Single provider
Corporate	Waltons stationery	68 385.18	Sec 42 (1)(a)(ii) - Single provider
Public	O H Frewin	5 931.65	Sec 42 (1)(a)(ii) - Single provider
Corporate	Barloworld Toyota	1 773.36	Sec 42 (1)(a)(v) -Exception
Public	Technilamp	15 390.00	Sec 42(1)(a)(v)- Exceptional case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Public	Technilamp	23 598.00	Sec42(1)(a)(v)- Exceptional case
Public	Technilamp	22 572.00	Sec42(1)(a)(v)- Exceptional case
Public	Automotor	18 609.00	Sec 42 (1)(a)(v)-Exception
Public	Automotor	18 573.00	Sec 42(1)(a)(v)- Exceptional case
Public	Automotor	26 015.00	Sec 42(1)(a)(v)- Exceptional case
Public	Automotor	19 911.00	Sec 42(1)(a)(v)- Exceptional case
Technical	Zanezi	30 894.00	Sec 42(1)(a)(v)- Exceptional case
Technical	Zanezi	34 200.00	Sec 42(1)(a)(v)- Exceptional case
Technical	Mpumamanzi	196 200.00	Sec 42(1)(a)(v)- Exceptional case
Technical	CSV	80 997.00	Sec 42(1)(a)(v)- Exceptional case
Public	Automotor	49 870.00	Sec42 (1)(a)(v)- Exceptional
Public	Automotor	19 811.00	Sec 42(1)(a)(v)- Exceptional case
Public	Mburg Nissan	4 802.71	Sec 42(1)(a)(v)- Exceptional case
September 2012			
Technical	JJ van Zyl	64 394.27	Sec 42(1)(a)(i) - emergency
Technical	P W Saayman	1 600.00	Sec 42(1)(a)(i) - emergency
Corporate	F & W Mpumalanga Telecoms	9 020.00	Sec 42(1)(a)(i) - emergency

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Public	Van Wettens	5 139.12	Sec 42(1)(a)(i) - emergency
Public	Spares 4Truck and trailors	2 856.71	Sec 42(1)(a)(i) - emergency
Public	Hi-Tech Auto Repairs	5 130.00	Sec 42(1)(a)(i) - emergency
Public	De Wit Motors	2 553.60	Sec 42(1)(a)(i) - emergency
Public	Hi-Tech Auto Repairs	969.00	Sec 42(1)(a)(i) - emergency
Technical	Actom Pty Ltd	93 975.90	Sec 42(1)(a)(i) - emergency
Technical	Mpumlanga Dumo	42 323.00	Sec 42(1)(a)(i) - emergency
Technical	Makamahlapo Building & Electrical Construction	57 000.00	Sec 42(1)(a)(i) - emergency
Public	Fakkel Armature Winders & Electrical cc	16 760.17	Sec 42(1)(a)(i) - emergency
Technical	Van Wettens	3 990.00	Sec 42(1)(a)(i) - emergency
Technical	Inkazimulo Consultants	39 900.00	Sec 42(1)(a)(i) - emergency
Technical	Rescue Rod	16 188.00	Sec 42(1)(a)(i) - emergency
Technical	ITT Water & Wastewater	21 546.00	Sec 42(1)(a)(i) - emergency
Technical	Intru-serve cc	33 518.26	Sec 42(1)(a)(i) - emergency
Public	Mpumalanga Pumps	23 390.59	Sec 42(1)(a)(i) - emergency
Corporate	Marce Marketing cc	78 885.59	Sec 42(1)(a)(ii) - Single provider
Corporate	Emalahleni Document Facilities (Pty) Ltd	1 700.46	Sec 42(1)(a)(ii) - Single provider
Technical	Government Printing Works	10 211.95	Sec 42(1)(a)(ii) - Single provider
Corporate	Kutana Hydraulic (Pty) Ltd	8 122.50	Sec 42(1)(a)(ii) - Single provider

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Finance	Bophelo Baka Fitness 01	18 240.00	Sec 42(1)(a)(ii) - Single provider
Finance	G 4 S Cash Solutions (SA) (Pty) Ltd	6 108.12	Sec 42(1)(a)(ii) - Single provider
Corporate	Protea Coin	2 451.00	Sec 42(1)(a)(ii) - Single provider
Finance	G 4 S Cash Solutions (SA) (Pty) Ltd	3 749.75	Sec 42(1)(a)(ii) - Single provider
Public	PriceWater Coopers Combined System (Pty) Ltd	92 682.00	Sec 42(1)(a)(ii) - Single provider
Public	De Wit Motors	7 430.55	Sec 42(1)(a)(ii) - Single provider
Public	Alta Swanepoel & Associates	13 179.31	Sec 42(1)(a)(ii) - Single provider
Public	Land Rover Witbank	5 982.72	Sec 42(1)(a)(ii) - Single provider
Public	Atlegang Investments	47 640.00	Sec 42(1)(a)(iii) - Aquisition of special works of art or historical objects
Public	World Books	40 621.00	Sec 42(1)(a)(iii) - Aquisition of special works of art or historical objects
Public	Best Books	74 671.37	Sec 42(1)(a)(iii) - Aquisition of special works of art or historical objects
Public	Hargraves Library Services	13 572.75	Sec 42(1)(a)(iii) - Aquisition of special works of art or historical objects
Public	Qualibooks Naledi	13 697.59	Sec 42(1)(a)(iii) - Aquisition of special works of art or historical objects
Public	Hadeda Books Services	29 162.95	Sec 42(1)(a)(iii) - Aquisition of special works of art or historical objects
Public	Aluta Books cc	6 855.71	Sec 42(1)(a)(iii) - Aquisition of special works of art or historical objects
Public	Academic Marketing Services	11 548.67	Sec 42(1)(a)(iii) - Aquisition of special works of art or historical objects

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Technical	Hi-Tech Lifts cc	84 542.40	Sec 42(1)(a)(v) - Exceptional case
Technical	Bapela Cave Klapvijk	136 572.00	Sec 42(1)(a)(v) - Exceptional case
Technical	HPD Drilling	101 056.44	Sec 42(1)(a)(v) - Exceptional case
Finance	Porta Verspreiders	583 926.00	Sec 42(1)(a)(v) - Exceptional case
Technical	Strategic Environment Focus	23 680.80	Sec 42(1)(a)(v) - Exceptional case
Technical	WSP SA Civil and Structural Engineers	47 880.00	Sec 42(1)(a)(v) - Exceptional case
Technical	Beregeli Phumelelo	96 450.00	Sec 42(1)(a)(v) - Exceptional case
Public	Computer Zone	3 279.78	Sec 42(1)(a)(v) - Exceptional case
Public	MBG Nissan	1 996.14	Sec 42(1)(a)(v) - Exceptional case
Public	Automotor Traffic Signal	17 054.40	Sec 42(1)(a)(v) - Exceptional case
Public	Automotor Traffic Signal	11 100.18	Sec 42(1)(a)(v) - Exceptional case
Public	Mechnibike cc	24 088.05	Sec 42(1)(a)(v) - Exceptional case
Public	Solly's Middelburg	5 956.56	Sec 42(1)(a)(v) - Exceptional case
October 2012			
Electric	Schneider electric	204 760.00	Sec 42(1)(a)(i) - emergency
Fire	Marce Fire Fighting	45 345.71	Sec 42(1)(a)(i) - emergency
Civil	Tecrover	183 915.37	Sec 42(1)(a)(i) - emergency

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Civil	Instru-Serve	66 373.44	Sec 42(1)(a)(i) - emergency
Civil	Tecroveer	2 126 100.00	Sec 42(1)(a)(i) - emergency
Civil	Regal t/a CMG	78 817.32	Sec 42(1)(a)(i) - emergency
Civil	Regal t/a CMG	23 857.35	Sec 42(1)(a)(i) - emergency
Human settlement	Tswelapele	11 913.00	Sec 42(1)(a)(ii)- Single provider
Traffic	Truvelo	13 848.31	Sec 42(1)(a)(ii)- Single provider
HR	Kimro IT	54 111.70	Sec 42(1)(a)(ii)- Single provider
Communication	Sagis DataCSI projects	48 870.00	Sec 42(1)(a)(ii)- Single provider
HR	Kimro IT	93 997.56	Sec 42(1)(a)(ii)- Single provider
Legal and Admin	G P W	65 160.85	Sec 42(1)(a)(ii)- Single provider
Traffic	Truvelo	3 513.36	Sec42(1)(a)(ii)- Single provider
Legal and Admin	Waltons	6 583.22	Sec 42(1)(a)(ii)- Single provider
Fire	Lekwa	13 509.06	Sec 42(1)(a)(ii)- Single provider
Fire	Sollys	3 258.12	Sec 42(1)(a)(ii)- Single provider
Library	Diskonto books	20 853.00	Sec 42(1)(a)(iii) - Special works
Civil	Urban dynamics	28 500.00	Sec 42(1)(a)(v)- Exceptional case
Electric	Zanezi Electronics	30 780.00	Sec 42(1)(a)(v)- Exceptional case
Legal and Admin	Barloworld Toyota	4 504.93	Sec 42(1)(a)(v)- Exceptional case
Traffic	Solly Mburg	3 001.65	Sec 42(1)(a)(v)- Exceptional case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Legal and Admin	Digi Core	1 618.80	Sec 42(1)(a)(v)- Exceptional case
Traffic	Traffic Signal	16 349.88	Sec 42(1)(a)(v)- Exceptional case
Traffic	Auto motor traffic signal	49 780.00	Sec 42(1)(a)(v)- Exceptional case
Traffic	Auto motor traffic signal	26 956.00	Sec 42(1)(a)(v)- Exceptional case
November 2012			
Public services	Spares 4Truck	11 323.81	Sec 42(1)(a)(i) - emergency
Technical	Kelnorda	14 820.00	Sec 42(1)(a)(i) - emergency
Technical	Viva Engineering	109 426.83	Sec 42(1)(a)(i) - emergency
Public services	Hi-Tech Repairs	798.00	Sec 42(1)(a)(i) - emergency
Technical	Regal/CMG	70 699.99	Sec 42(1)(a)(i) - emergency
Director:Fin. Services	Mayivuthe Contractor	99 180.00	Sec 42(1)(a)(i) - emergency
Technical	Zeela Logistics	81 980.00	Sec 42(1)(a)(i) - emergency
Technical	Tecroveer	737 024.25	Sec 42(1)(a)(i) - emergency
Technical	Golokisha	37 281.00	Sec 42(1)(a)(i) - emergency
Technical	Mayivuthe Contractor	192 819.60	Sec 42(1)(a)(i) - emergency
Public services	De Wit Motors	4 741.85	Sec 42(1)(a)(ii)- Single provider
Public services	Viizi Light	4 172.00	Sec 42(1)(a)(ii)- Single provider
Director:Fin. Services	Nashua	1 894.68	Sec 42(1)(a)(ii)- Single provider

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Public services	De Wit Motors	10 880.15	Sec 42(1)(a)(ii)- Single provider
Director:Fin. Services	Note Counters	11 773.00	Sec 42(1)(a)(ii)- Single provider
Director:Fin. Services	ADO Research Labs	239 339.36	Sec 42(1)(a)(ii)- Single provider
Director:Fin. Services	Itron Metering	330 600.00	Sec 42(1)(a)(ii)- Single provider
Director:Fin. Services	Conlog PTY LTD	140 904.00	Sec 42(1)(a)(ii)- Single provider
Technical	Labotec	8 734.68	Sec 42(1)(a)(ii)- Single provider
Technical	Labotec	25 306.86	Sec 42(1)(a)(ii)- Single provider
Technical	GIC Scientific	6 555.00	Sec 42(1)(a)(ii)- Single provider
Technical	Afrilab	3 152.10	Sec 42(1)(a)(ii)- Single provider
Director:Fin. Services	Mc Carthi VW	1 909.22	Sec 42(1)(a)(ii)- Single provider
Public services	Superanbundance	3 300.00	Sec 42(1)(a)(iii) - Special works
MM Office	Inspirantal Trading	1 100.00	Sec 42(1)(a)(iii) - Special works
Public services	Mechanibike	7 221.00	Sec 42(1)(a)(v)- Exceptional case
Public services	Seane Medical Waste	11 440.00	Sec 42(1)(a)(v)- Exceptional case
Public services	MP Towing	1 026.00	Sec 42(1)(a)(v)- Exceptional case
Public services	Auto Motor Signal	11 943.00	Sec 42(1)(a)(v)- Exceptional case
Public services	Auto Motor Signal	14 960.00	Sec 42(1)(a)(v)- Exceptional case
Public services	Dikoloi Gearbox	45 600.00	Sec 42(1)(a)(v)- Exceptional case
Technical	Wetland Consulting	13 945.52	Sec 42(1)(a)(v)- Exceptional case
Public services	Gerotek	14 580.00	Sec 42(1)(a)(v)- Exceptional case
Public services	Seane Medical Waste	4 879.75	Sec 42(1)(a)(v)- Exceptional case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Public services	Seane Medical Waste	1 753.05	Sec 42(1)(a)(v)- Exceptional case
Public services	Seane Medical Waste	8 745.00	Sec 42(1)(a)(v)- Exceptional case
Public services	Auto Motor Signal	19 878.00	SEC 42(1)(a)(v)- Exceptional case
December 2012			
Public services	Hi-Tech	969.00	Sec 42(1)(a)(i) - emergency
Infrastructure services	Sterling Plastics	3 900.00	Sec 42(1)(a)(i) - emergency
Public services	Vizi Light	3 363.00	Sec 42(1)(a)(i) - emergency
Infrastructure services	Sterling Plastics	6 800.00	Sec 42(1)(a)(i) - emergency
Public services	Vizi Light	5 295.30	Sec 42(1)(a)(i) - emergency
Infrastructure services	Vero Test	1 857.06	Sec 42(1)(a)(i) - emergency
Infrastructure services	Vero Test	9 550.92	Sec 42(1)(a)(i) - emergency
Public services	Auto and Diesel	6 727.65	Sec 42(1)(a)(i) - emergency
Public services	Spares 4 Truck	25 911.87	Sec 42(1)(a)(i) - emergency
Public services	Spare 4 Truck	23 868.23	Sec 42(1)(a)(i) - emergency
Public services	Solly's Middelburg	14 148.03	Sec 42(1)(a)(v) - Exceptional
Infrastructure services	Matlapeng Mahuma	37 620.00	Sec 42(1)(a)(v) - Exceptional
Corporate Services	PriceWater Coopers	120 000.00	Sec 42(1)(a)(v) - Exceptional
Public services	Automotor Traffic	14 960.00	Sec 42(1)(a)(v) - Exceptional
Public services	Automotor Traffic	18 910.00	Sec 42(1)(a)(v) - Exceptional

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Public services	Repair traffic signal	14 900.00	Sec 42(1)(a)(v) - Exceptional
Finance	Strike Technologies	102 600.00	Sec 42(1)(a)(v) - Exceptional
Solid Waste	Mamerejo Maatla Wabasadi Tradin	90 500.00	Sec 42(1)(a)(v) - Exceptional
January 2013			
Tech & Infratructure	Kgapo Electrical	23 569.50	Sec 42(1)(a)(i) - emergency
Tech & Infratructure	Mpumalanga pumps	34 418.88	Sec 42(1)(a)(i) - emergency
Tech & Infratructure	Viva Engineering	92 216.37	Sec 42(1)(a)(i) - emergency
Public & Safety	Auto Carb	16 501.50	Sec 42(1)(a)(i) - emergency
Tech & Infratructure	Kgapo Electrical	135 477.30	Sec 42(1)(a)(i) - emergency
Tech & Infratructure	Temrou system	93 114.06	Sec 42(1)(a)(i) - emergency
Tech & Infratructure	MPB-Civil	21 888.00	Sec 42(1)(a)(i) - emergency
Tech & Infratructure	VIP Plant hire	37 506.00	Sec 42(1)(a)(i) - emergency
Tech & Infratructure	Landelantina	64 724.64	Sec 42(1)(a)(i) - emergency
Tech & Infratructure	Landelantina	59 904.72	Sec 42(1)(a)(i) - emergency
Public & Safety	Fire Raiders	20 617.88	Sec 42(1)(a)(i) - emergency
Tech & Infratructure	Sekela Bearings	37 936.45	Sec 42(1)(a)(i) - emergency
Tech & Infratructure	Powerpump	42 598.38	Sec 42(1)(a)(i) - emergency
Tech & Infratructure	Middelburg Power Supplies	900.60	Sec 42(1)(a)(i) - emergency

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Municipal Manager	Protea frames	1 834.94	Sec 42(1)(a)(i) - emergency
Tech & Infratructure	MPB-Civil	46 648.80	Sec 42(1)(a)(i) - emergency
Tech & Infratructure	Kwena Water Management	14 325.92	Sec 42(1)(a)(i) - emergency
Tech & Infratructure	Lefatshe La rona	22 625.00	Sec 42(1)(a)(i) - emergency
Financial Services	Conlog	176 130.00	Sec 42(1)(a)(ii)- single provider
Financial Services	Chubb Security	364.00	Sec 42(1)(a)(ii)- single provider
Municipal Manager	GMFM	29 400.00	Sec 42(1)(a)(ii)- single provider
Financial Services	Predicate Logistics	102 790.79	Sec 42(1)(a)(ii)- single provider
Tech & Infratructure	Intergrity Control	20 748.00	Sec 42(1)(a)(ii)- single provider
Tech & Infratructure	Mailtronic Direct Marketing cc	22 957.32	Sec 42(1)(a)(ii)- single provider
Public & Safety	Truvelo Manufacturer	21 054.50	Sec 42(1)(a)(ii)- single provider
Public & Safety	Lexi Nexis	1 468.55	Sec 42(1)(a)(ii)- single provider
Financial Services	CQS	9 419.59	Sec 42(1)(a)(ii)- single provider
Financial Services	Mid Alarms	1 100.00	Sec 42(1)(a)(ii)- single provider
Tech & Infratructure	Wam Technology	399 000.00	Sec 42(1)(a)(ii)- single provider
Coprorate	Waltons	17 038.58	Sec 42(1)(a)(ii)- single provider
Public & Safety	Variprint	15 390.00	Sec 42(1)(a)(ii)- single provider
Coprorate	Human communications	39 703.74	Sec 42(1)(a)(v)- Exceptional case
Coprorate	Dolphin print	38 760.00	Sec 42(1)(a)(v)- Exceptional case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Municipal Manager	Mbungiswa Transport	277 930.72	Sec 42(1)(a)(v)- Exceptional case
Public & Safety	Seane Medical Waste	9 291.60	Sec 42(1)(a)(v)- Exceptional case
Tech & Infratructure	Seabi MM Mining and Projects	180 000.00	Sec 42(1)(a)(v)- Exceptional case
Tech & Infratructure	NyeletiConsulting Engineers	196 564.50	Sec 42(1)(a)(v)- Exceptional case
Tech & Infratructure	Mechanibike	1 603.00	Sec 42(1)(a)(v)- Exceptional case
Tech & Infratructure	Mayivuthe Contractor	57 250.80	Sec 42(1)(a)(v)- Exceptional case
Tech & Infratructure	Hill and Associate	22 800.00	Sec 42(1)(a)(v)- Exceptional case
Public & Safety	Mechanibike	890.00	Sec 42(1)(a)(v)- Exceptional case
Tech & Infratructure	Nissan Mburg	4 294.05	Sec 42(1)(a)(v)- Exceptional case
Financial Services	Chubb Security	604.01	Sec 42(1)(a)(v)- Exceptional case
Financial Services	Mid Alarms	1 440.00	Sec 42(1)(a)(v)- Exceptional case
Financial Services	Mid Alarms	850.00	Sec 42(1)(a)(v)- Exceptional case
Tech & Infratructure	Netgoup SA	42 379.50	Sec 42(1)(a)(v)- Exceptional case
Municipal Manager	Walto Photos	1 100.00	Sec 42(1)(a)(v)- Exceptional case
Tech & Infratructure	Tswellapelle Plantwise	167 270.90	Sec 42(1)(a)(v)- Exceptional case
Municipal Manager	A M Trophies	1 039.47	Sec 42(1)(a)(v)- Exceptional case
Financial Services	Mid Alarms	240.00	Sec 42(1)(a)(v)- Exceptional case
Coprorate	Bophelo Baka	2 280.00	Sec 42(1)(a)(v)- Exceptional case
Financial Services	Chubb Security	752.00	Sec 42(1)(a)(v)- Exceptional case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Financial Services	Mid Alarms	598.00	Sec 42(1)(a)(v)- Exceptional case
February 2013			
Tech & Infrastrucure	Mayivuthe Contractor	26 094.00	Sec 42(1)(a)(i) - emergency
Tech & Infrastrucure	Crane Fly	10 447.53	Sec 42(1)(a)(i) - emergency
Tech & Infrastrucure	Zindonga Trading	31 237.00	Sec 42(1)(a)(i) - emergency
Tech & Infrastrucure	MP Pumps	67 605.42	Sec 42(1)(a)(i) - emergency
Corporate	GPW	5 853.27	Sec 42(1)(a)(ii)- single provider
Public and Security	University of Orange Free State	51 000.00	Sec 42(1)(a)(ii)- single provider
Public and Security	Hemocue	9 072.65	Sec 42(1)(a)(ii)- single provider
Corporate	Lexis Nexis	1 536.72	Sec 42(1)(a)(ii)- single provider
Public and Security	Waltons	29 104.20	Sec 42(1)(a)(ii)- single provider
Tech & Infrastrucure	Huber Technology	63 042.00	Sec 42(1)(a)(ii)- single provider
Public and Security	Litha Vaccines	1 640.57	Sec 42(1)(a)(ii)- single provider
Public and Security	Litha Vaccines	9 843.44	Sec 42(1)(a)(ii)- single provider
Infrastructure and fleet	Bigen Africa	229 787.00	Sec 42(1)(a)(v)- Exceptional case
Infrastructure and fleet	Bigen Africa	1 110 954.64	Sec 42(1)(a)(v)- Exceptional case
Infrastructure and fleet	Bigen Africa	156 595.00	Sec 42(1)(a)(v)- Exceptional case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Public and Security	Turheinland	12 000.00	Sec 42(1)(a)(v)- Exceptional case
Public and Security	Automotor Traffic signal	18 832.00	Sec 42(1)(a)(v)- Exceptional case
Financial Services	Note Counters	6 783.00	Sec 42(1)(a)(v)- Exceptional case
Infrastructure and fleet	Electrim control	1 154 915.76	Sec 42(1)(a)(v)- Exceptional case
Corporate	Barloworld Toyota	2 936.38	Sec 42(1)(a)(v)- Exceptional case
Public and Security	Tuvreheidland S A	41 040.00	Sec 42(1)(a)(v)- Exceptional case
Public and Security	Four in action	125 856.00	Sec 42(1)(a)(v)- Exceptional case
Public and Security	Auto Door	44 916.00	Sec 42(1)(a)(v) - Exceptional
Tech & Infrastrucure	Inkazimulo Consultant	33 000.00	Sec 42(1)(a)(v)- Exceptional case
MM Office	GMFM	14 910.00	Sec 42(1)(a)(v)- Exceptional case
MM Office	Kosmos Radio	14 208.00	Sec 42(1)(a)(v)- Exceptional case
March 2013			
Tech & Infrustructre	Mc Jagert	41 717.16	Sec 42(1)(a)(i) - emergency
Tech & Infrustructre	MP Pumps	35 736.78	Sec 42(1)(a)(i) - emergency
Tech & Infrustructre	Procol	2 274.30	Sec 42(1)(a)(i) - emergency
Tech & Infrustructre	MP-Bcivil	16 826.40	Sec 42(1)(a)(i) - emergency
Tech & Infrustructre	Kwena	32 893.56	Sec 42(1)(a)(i) - emergency
Financial Service	Middelburg Keys	780.01	Sec 42(1)(a)(i) - emergency

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Tech & Infrustructre	Kgapo Electrical	1 596.00	Sec 42(1)(a)(i) - emergency
Tech & Infrustructre	Kgapo Electrical	21 408.95	Sec 42(1)(a)(i) - emergency
Tech & Infrustructre	Vero Test	11 540.12	Sec 42(1)(a)(i) - emergency
Public,Safety & Security	Hemocue SA	9 072.65	Sec 42(1)(a)(ii)- single provider
Corporate	Open Spatial	50 809.02	Sec 42(1)(a)(ii)- single provider
Corporate	Mc Carthy Kunene	1 841.15	Sec 42(1)(a)(ii)- single provider
Financial Service	CAT	187 267.80	Sec 42(1)(a)(ii)- single provider
Financial Service	Mid Alarms	1 860.00	Sec 42(1)(a)(ii)- single provider
Financial Service	G4S Services	4 589.64	Sec 42(1)(a)(ii)- single provider
Public,Safety & Security	Specialized pnematics	6 295.00	Sec 42(1)(a)(ii)- single provider
Public,Safety & Security	Specialized pnematics	20 875.00	Sec 42(1)(a)(ii)- single provider
Tech & Infrustructre	Afilab	12 579.00	Sec 42(1)(a)(ii)- single provider
Public,Safety & Security	Spray air and Power	9 110.31	Sec 42(1)(a)(ii)- single provider
Tech & Infrustructre	Barloworld Toyota	5 619.71	Sec 42(1)(a)(ii)- single provider
Tech & Infrustructre	University of Orange Free State	8 716.67	Sec 42(1)(a)(ii)- single provider
Public,Safety & Security	Doculum	7 660.80	Sec 42(1)(a)(ii)- single provider
Corporate	WAM Technology	13 395.00	Sec 42(1)(a)(ii)- single provider
Financial Service	Mid-Alarms	420.00	Sec 42(1)(a)(ii)- single provider
Financial Service	Mid Alarms	240.00	Sec 42(1)(a)(ii)- single provider

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Financial Service	Note Counters	5 329.50	Sec 42(1)(a)(ii)- single provider
Public,Safety & Security	Mechanibike	13 228.50	Sec 42(1)(a)(ii)- single provider
Public,Safety & Security	Automotor Traffic signal	22 980.00	Sec 42(1)(a)(v)- Exceptional case
Public,Safety & Security	Striving Mind 11cc	61 650.00	Sec 42(1)(a)(v)- Exceptional case
Tech & Infrustructre	HMP Africa	99 850.00	Sec 42(1)(a)(v)- Exceptional case
Tech & Infrustructre	Mpumamanzi	143 442.00	Sec 42(1)(a)(v)- Exceptional case
Tech & Infrustructre	Mpumamanzi	149 916.84	Sec 42(1)(a)(v)- Exceptional case
Public,Safety & Security	Automotor Traffic signal	2 398.00	Sec 42(1)(a)(v)- Exceptional case
Corporate	Pro-Steel	2 200.00	Sec 42(1)(a)(v)- Exceptional case
Public,Safety & Security	Automotor Traffic signal	17 982.00	Sec 42(1)(a)(v)- Exceptional case
Tech & Infrustructre	Mtimandze Auto	279 771.00	Sec 42(1)(a)(v)- Exceptional case
Financial Service	Mid Alarms	1 560.00	Sec 42(1)(a)(v)- Exceptional case
April 2013			
Technical & Infrastructure	Mamolela Primary Co-operative	99 530.00	Sec 42(1)(a)(i) - emergency
Physical and Environmental affairs	Grundling Towing	2 850.00	Sec 42(1)(a)(i) - emergency
Corporate Services	Emalahleni Doc. Facilities	1 751.67	Sec 42(1)(a)(ii)- single provider
Technical & Infrastruc	Mailtronic Direct	10 257.15	Sec 42(1)(a)(ii)- single provider

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Traffic, Sec & Safety	Truvelo Manufacturer	14 236.87	Sec 42(1)(a)(ii)- single provider
Technical & Infrastruc	Mailtronic Direct	6 389.70	Sec 42(1)(a)(ii)- single provider
Corporate Services	GPW	9 239.25	Sec 42(1)(a)(ii)- single provider
Corporate Services	Emalahleni Doc. Facilities	5 426.88	Sec 42(1)(a)(ii)- single provider
Corporate Services	Pro-Steel Mining	1 760.00	Sec 42(1)(a)(v)- Exceptional case
Technical & Infrastruc	Motla Consulting	436 887.87	Sec 42(1)(a)(v)- Exceptional case
Corporate Services	Red Ant Security Services	89 034.00	Sec 42(1)(a)(v)(a)- Minor breaches
May 2013			
Tech & Infrastructure	Kwena Water	19 168.53	Sec 42(1)(a)(i) - emergency
Tech & Infrastructure	Sterling Plastics	10 196.98	Sec 42(1)(a)(i) - emergency
Tech & Infrastructure	Sterling Plastics	19 595.00	Sec 42(1)(a)(i) - emergency
Public ,Security,Safety	Bohlabela Wheels	11 684.91	Sec 42(1)(a)(i) - emergency
Public ,Security,Safety	Bohlabela Wheels	9 321.73	Sec 42(1)(a)(i) - emergency
Tech & Infrastructure	Actom	41 970.42	Sec 42(1)(a)(i) - emergency
Tech & Infrastructure	Mamolela Primary	69 000.00	Sec 42(1)(a)(i) - emergency
Tech & Infrastructure	Mayivuthe Contractor	63 384.00	Sec 42(1)(a)(i) - emergency
Public ,Security,Safety	Rodek transmission	39 900.00	Sec 42(1)(a)(i) - emergency
Public ,Security,Safety	Thunder Towing	2 565.00	Sec 42(1)(a)(i) - emergency

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Public ,Security,Safety	Thunder Towing	3 294.03	Sec 42(1)(a)(i) - emergency
Tech & Infrastructure	Ukwazi Engineering	5 708.66	Sec 42(1)(a)(i) - emergency
Tech & Infrastructure	Ukwazi Engineering	60 000.00	Sec 42(1)(a)(i) - emergency
Municipal Manager	Middelburg Chamber of Commerce	28 500.00	Sec 42(1)(a)(i) - emergency
Tech & Infrastructure	Kgwebiwsano supplies	49 489.40	Sec 42(1)(a)(i) - emergency
Finance	Nashua MP	3 488.40	Sec 42(1)(a)(ii)- single provider
Municipal Manager	93.FM	29 500.00	Sec 42(1)(a)(ii)- single provider
Finance	Payday Software	1 948.40	Sec 42(1)(a)(ii)- single provider
Corporate	Open Spatial	20 078.00	Sec 42(1)(a)(ii)- single provider
Corporate	Waltons	78 787.33	Sec 42(1)(a)(ii)- single provider
Public ,Security,Safety	Panasonic	1 083.00	Sec 42(1)(a)(ii)- single provider
Corporate	Magna BC	10 218.96	Sec 42(1)(a)(ii)- single provider
Public ,Security,Safety	Spray Air & Power	9 110.31	Sec 42(1)(a)(ii)- single provider
Corporate	Government printing works	1 542.86	Sec 42(1)(a)(ii)- single provider
Public ,Security,Safety	Aqua Doctor	7 820.00	Sec 42(1)(a)(ii)- single provider
Corporate	Government printing works	4 114.08	Sec 42(1)(a)(ii)- single provider
Public ,Security,Safety	Panasonic	1 083.00	Sec 42(1)(a)(ii)- single provider
Municipal Manager	Kosmos Stereo	29 500.00	Sec 42(1)(a)(ii)- single provider
Corporate	Mustek	6 875.28	Sec 42(1)(a)(ii)- single provider

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Tech & Infrastructure	Mayivuthe Contractor	20 064.00	Sec 42(1)(a)(ii)- single provider
Tech & Infrastructure	Afrilab	7 791.90	Sec 42(1)(a)(ii)- single provider
Corporate	Twain 2	4 987.50	Sec 42(1)(a)(ii)- single provider
Public ,Security,Safety	Hemocue South Africa	1 975.80	Sec 42(1)(a)(ii)- single provider
Public ,Security,Safety	Hemocue South Africa	7 685.01	Sec 42(1)(a)(ii)- single provider
Public ,Security,Safety	Hemocue South Africa	9 606.31	Sec 42(1)(a)(ii)- single provider
Public ,Security,Safety	Polycomp	9 063.00	Sec 42(1)(a)(ii)- single provider
Public ,Security,Safety	Tswelopele zippel filing africa	8 139.60	Sec 42(1)(a)(ii)- single provider
Tech & Infrastructure	SABS	3 855.48	Sec 42(1)(a)(ii)- single provider
Municipal Manager	Kosmos FM	10 000.00	Sec 42(1)(a)(ii)- single provider
Tech & Infrastructure	ABB South Africa	48 696.38	Sec 42(1)(a)(ii)- single provider
Public ,Security,Safety	Bargain books	4 723.90	Sec 42(1)(a)(iii) special work
Public ,Security,Safety	M S Modishane	1 800.00	Sec 42(1)(a)(v)- Exceptional case
Public ,Security,Safety	Hill & Associate	9 830.00	Sec 42(1)(a)(v)- Exceptional case
Tech & Infrastructure	BTW & Associate	35 721.76	Sec 42(1)(a)(v)- Exceptional case
Public ,Security,Safety	Automotor Traffic Signal	13 985.00	Sec 42(1)(a)(v)- Exceptional case
Municipal Manager	Tibane Consulting	15 000.00	Sec 42(1)(a)(v)- Exceptional case
Tech & Infrastructure	Tecrovoer	1 473 207.75	Sec 42(1)(a)(v)- Exceptional case
Public ,Security,Safety	Rodek Transmission	34 200.00	Sec 42(1)(a)(v)- Exceptional case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Public ,Security,Safety	Rodek transmission	45 600.00	Sec 42(1)(a)(v)- Exceptional case
Corporate	Barloworld Toyota	2 811.43	Sec 42(1)(a)(v)- Exceptional case
Tech & Infrastructure	Mtimandze Auto	403 829.29	Sec 42(1)(a)(v)- Exceptional case
Public ,Security,Safety	Mtimandze Auto	403 829.29	Sec 42(1)(a)(v)- Exceptional case
Public ,Security,Safety	Dolphin Print	3 762.00	Sec 42(1)(a)(v)- Exceptional case
Public ,Security,Safety	M & N Acoustic	4 164.00	Sec 42(1)(a)(v)- Exceptional case
Finance	Mid-Alarms	1 000.00	Sec 42(1)(a)(v)- Exceptional case
Public ,Security,Safety	Mechanibike	5 087.22	Sec 42(1)(a)(v)- Exceptional case
June 2013			
Electrical	Mayivuthe Contractor	63 384.00	Sec 42(1)(a)(i) - emergency
Licensing	Lekwa Fire Equipment	2 128.95	Sec 42(1)(a)(i) - emergency
Civil	Golukisha	172 718.00	Sec 42(1)(a)(i) - emergency
Civil	Mpumalanga Pumps	34 091.70	Sec 42(1)(a)(i) - emergency
Civil	Ding Pro	119 928.00	Sec 42(1)(a)(i) - emergency
Electrical	Kgapo electrical	52 645.20	Sec 42(1)(a)(i) - emergency
Civil	Power Pump Engineering	46 816.38	Sec 42(1)(a)(i) - emergency
Civil	Procol Engineering & Mining	89 482.53	Sec 42(1)(a)(i) - emergency

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Electrical	Kgapo electrical	35 126.86	Sec 42(1)(a)(i) - emergency
Electrical	Kgwebiswano Supplies	43 228.80	Sec 42(1)(a)(i) - emergency
Civil	Malaka Supplies	53 807.71	Sec 42(1)(a)(i) - emergency
Revenue	Tugela Press	1 795.50	Sec 42(1)(a)(i) - emergency
Fire	Bohlabela Wheels	44 281.76	Sec 42(1)(a)(i) - emergency
Fire	Middelburg Nissan	2 420.68	Sec 42(1)(a)(i) - emergency
Fire	Thunder towing	1 881.00	Sec 42(1)(a)(i) - emergency
Civil	Mpumalanga Bezuidenhout	10 304.00	Sec 42(1)(a)(i) - emergency
Civil	Khuduyane Quigley	64 866.00	Sec 42(1)(a)(i) - emergency
Electrical	Kgwebiswano Supplies	76 152.00	Sec 42(1)(a)(i) - emergency
Electrical	F & K hire	8 469.00	Sec 42(1)(a)(i) - emergency
Electrical	Kgwebiswano Supplies	54 720.00	Sec 42(1)(a)(i) - emergency
Fire	Hi -Tech Auto repair	2 052.00	Sec 42(1)(a)(i) - emergency
Fire	J & B Towing & Services	1 200.00	Sec 42(1)(a)(i) - emergency
Licensing	GPW	56 365.02	Sec 42(1)(a)(ii)- single provider
Fire	Iveco Middelburg	9 302.27	Sec 42(1)(a)(ii)- single provider
Communication	GMFM	12 000.00	Sec 42(1)(a)(ii)- single provider
Communication	GMFM	29 500.00	Sec 42(1)(a)(ii)- single provider
HR	SHL	8 708.46	Sec 42(1)(a)(ii)- single provider

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Data	J H Daneel	7 000.00	Sec 42(1)(a)(ii)- single provider
Data	J H Daneel	5 397.00	Sec 42(1)(a)(ii)- single provider
Data	Utilities World	7 410.00	Sec 42(1)(a)(ii)- single provider
HR	Wivox Technologies	3 695.00	Sec 42(1)(a)(ii)- single provider
IT	Sisonke Software	66 000.00	Sec 42(1)(a)(ii)- single provider
Finance	Advance Fire Suppression Technologies	1 425.00	Sec 42(1)(a)(ii)- single provider
Corporate	Waltons	2 976.77	Sec 42(1)(a)(ii)- single provider
Corporate	Cibecs	85 364.17	Sec 42(1)(a)(ii)- single provider
Corporate	GPW	3 085.49	Sec 42(1)(a)(ii)- single provider
Tech & Infrastructure	Actom	50 743.68	Sec 42(1)(a)(ii)- single provider
Tech & Infrastructure	Tjeka Training matters	42 891.36	Sec 42(1)(a)(ii)- single provider
Finance	CQS	20 998.80	Sec 42(1)(a)(ii)- single provider
Corporate	Ciber Terrasoft	52 668.00	Sec 42(1)(a)(ii)- single provider
Public ,Security,Safety	Bargain books	0.00	Sec 42(1)(a)(v)- Exceptional case
Public ,Security,Safety	M S Modishane	0.00	Sec 42(1)(a)(v)- Exceptional case
Public ,Security,Safety	Hill & Associate	0.00	Sec 42(1)(a)(v)- Exceptional case
Tech & Infrastructure	BTW & Associate	0.00	Sec 42(1)(a)(v)- Exceptional case
Public ,Security,Safety	Automotor Traffic Signal	0.00	Sec 42(1)(a)(v)- Exceptional case
Municipal Manager	Tibane Consulting	0.00	Sec 42(1)(a)(v)- Exceptional case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Tech & Infrastructure	Tecroveer	0.00	Sec 42(1)(a)(v)- Exceptional case
Municipal Manager	Ukhamba Lobuntu	22 000.00	Sec 42(1)(a)(v)- Exceptional case
Municipal Manager	AM Jay Records	22 000.00	Sec 42(1)(a)(v)- Exceptional case
Municipal Manager	PYG Marimba	8 000.00	Sec 42(1)(a)(v)- Exceptional case
SWD	Rodek transmission	45 600.00	Sec 42(1)(a)(v)- Exceptional case
Finance	Formsfit	9 150.21	Sec 42(1)(a)(v)- Exceptional case
Tech & Infrastructure	Santec energy dewatering services	341 805.13	Sec 42(1)(a)(v)- Exceptional case
Tech & Infrastructure	Eastdene Fabric World	36 300.00	Sec 42(1)(a)(v)- Exceptional case
SWD	Zinothile	1 065 240.00	Sec 42(1)(a)(v)- Exceptional case
Tech & Infrastructure	Two Super Construction	87 420.00	Sec 42(1)(a)(v)- Exceptional case
Tech & Infrastructure	Eastdene Fabric World	120 000.00	Sec 42(1)(a)(v)- Exceptional case
Finance	Note Counter	4 987.50	Sec 42(1)(a)(v)- Exceptional case
Corporate	Mailtronic Direct Marketing	3 373.04	Sec 42(1)(a)(v)- Exceptional case
Corporate	Mailtronic Direct Marketing	3 328.80	Sec 42(1)(a)(v)- Exceptional case
Corporate	Mailtronic Direct Marketing	20 597.79	Sec 42(1)(a)(v)- Exceptional case
Human settlement	Mechanibike	1 556.00	Sec 42(1)(a)(v)- Exceptional case
Human settlement	Solly' Middelburg	25 501.40	Sec 42(1)(a)(v)- Exceptional case
Traffic	Automotor Traffic Signal	22 685.00	Sec 42(1)(a)(v)- Exceptional case
Municipal Manager	Sizwe Media	6 000.00	Sec 42(1)(a)(v)- Exceptional case

APPENDIX H
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 42
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl.) R	Reason for Deviation
Corporate	Incredible Connections	6 599.85	Sec 42(1)(a)(v)- Exceptional case
Tech & Infrastructure	Vuka Sizwe	1 113 780.00	Sec 42(1)(a)(v)- Exceptional case
Municipal Manager	iDiversity studios	5 643.00	Sec 42(1)(a)(v)- Exceptional case
Tech & Infrastructure	Olwethu Engineering	391 156.80	Sec 42(1)(a)(v)- Exceptional case
Tech & Infrastructure	Instru-Serve	86 344.74	Sec 42(1)(a)(v)- Exceptional case
Tech & Infrastructure	Karen Sub Development	578 151.00	Sec 42(1)(a)(v)- Exceptional case